



**2008/09
Adopted
Operating Budget**



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The Government Finance Officers Association (GFOA) of the United States and Canada presented an award for Distinguished Budget Presentation to the City of Fremont for its annual budget for the fiscal year beginning July 1, 2007.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. This is the eleventh consecutive year the City has earned the award. We believe our current budget continues to conform to program requirements.



Acknowledgments

Putting together a budget requires a great deal of effort from many people. The City Manager and Budget Team would like to thank the Budget and Accounting Services Staff, Department Budget Coordinators and others for their invaluable assistance:

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Guide to the Document

The budget is both a spending plan for the City’s available financial resources and the legal authority for City departments to spend the resources for public purposes. Through these resources, services are provided to meet the needs of Fremont residents. The City Council and City staff respond to the community’s needs in part through the budget. It balances not only revenues and costs, but also community priorities and interests.

Document Organization

Budget Overview

The City Manager’s Budget Overview sets the context for budget decisions by describing community and economic conditions affecting the budget. It outlines major initiatives underway and opportunities and challenges for the coming year.

Summary Information

This section of the document presents an overall picture of the City and the budget. It includes an organization chart, a description of the community, summary financial tables, a summary of Citywide staffing changes associated with the budget, and documentation of the City’s compliance with State statutes and City policies regarding total expenditures and debt. The section also presents a summary of departmental special projects in a table that shows projects’ alignment with Citywide goals.

General Fund

Local government budgets are organized by funds in order to segregate and account for restricted resources. Each fund is a separate accounting entity. The General Fund provides the majority of resources for most of the services cities typically provide, including the public safety, maintenance, and general government functions required to support direct services to the community. This section provides an analytical overview of the General Fund for the budget year. This section also places the budget in context with the financial forecast and provides a five-year historical review of General Fund sources and uses.

Other Funds

The Other Funds section contains information regarding non-General Fund sources of revenue. These funds are grouped into Cost Centers and Internal Service, Special Revenue, Redevelopment Agency, and Capital categories. Internal Service funds are described in governmental accounting literature as “proprietary funds.” Special Revenue funds (which include the Cost Center funds) and Capital funds are grouped in the literature with the General Fund and debt service funds and are described as “governmental funds.” The distinction between how the budgeted resources are accounted for in proprietary funds as compared to governmental funds is discussed in the “Basis of Budgetary Accounting” located in the Policies and Practices section of the document. A description and financial summary is provided for each category of Other Funds within the budget.

Guide to the Document

Capital Budget Summary

The Capital Improvement Program (CIP) is adopted biannually and includes appropriations for projects for Fiscal Years 2007/08 and 2008/09. Selected excerpts from the Plan are included with the operating budget to present a comprehensive picture of all the funds of the City and to reflect fund transfers approved between other operating funds and capital funds. This section contains a description of the CIP funds, a summary of approved expenditures by program category, and highlights of key projects for the current fiscal year.

Department Budgets

The majority of the budget document presents information on departmental budgets. Each departmental section provides the following information:

- **Department Mission Statement**
- **Description of Responsibilities and Services** - The purpose of this paragraph is to give the reader an understanding of the scope and breadth of each service area's ongoing functions and responsibilities.
- **Special Projects** - A list of significant departmental projects aligned with the City Council's goals.
- **Sources of Funding** - This information is in graphic form and illustrates the funds from which departments receive financial resources. Interfund transfers (to the General Fund) cover administrative department costs that are not funded by the General Fund. This contribution is shown on the charts as "overhead charges to other funds."
- **Expenditure Summary** - This table provides the salary and benefits, operating, and capital costs associated with the department for the fiscal year. It also provides historical information and trends of previous funding levels.
- **Major Budget Changes** - A description of the major budget changes is included that compares the previous year's budget with that for the current year.
- **Staffing** - A historical staffing graph shows the level of staffing for each area. In addition, an organization chart displays individual positions and titles.

Departments comprised of multiple, discrete service areas also present a table summarizing their activities by those major service areas.

Staffing

This section contains a summary of authorized positions by department and provides perspective on workforce trends.

Policies & Glossary

This section details the City's budget and financial policies, and includes a glossary of budget terminology.

Resolutions

This section contains resolutions approving and adopting the City budget, the Redevelopment Agency budget, and the appropriation limit for the fiscal year.

Guide to the Document

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Budget Overview

Honorable Mayor and Members of the City Council:

Executive Summary

In 2006, Fremont celebrated 50 years as a city, which gave us an opportunity to look back on and celebrate our rich heritage and all the community has accomplished. Since incorporation in 1956, Fremont has grown into the fourth largest city in the Bay Area, and fifteenth largest in California, with a diverse population of over 210,000. Fremont is home to high-tech and biotech companies, top-notch schools, and acres of parks and open space, all of which provide a strong economic base and a quality of life that is one of the best in the United States. As Fremont embarks on its second fifty years, we are looking forward and planning for still more change, while also retaining those qualities that make Fremont the special place it is.

The financial turbulence in the global markets, the nationwide sub-prime mortgage crisis and housing downturn, and the State's budget problems all affect Fremont's local economic environment. The Federal Reserve has become increasingly concerned about a possible recession as the declines in construction and consumer spending resulting from the mortgage and financial crises have slowed growth. Furthermore, the State of California is facing yet another budget shortfall due to fundamental problems with the State's budget system. In light of all of these factors, like many cities in California, Fremont continues to face a volatile and uncertain economic future and remains cautious because of concerns about economic performance and possible State takeaways of more local revenue.

City finances, and the community services that depend on those resources, have been severely strained because of years of State takeaways of traditionally local revenues, coupled with a serious recession in the early years of this decade. Now, storm clouds are appearing on the horizon once again in the form of another impending serious economic recession. The City met previous difficult times by reducing spending throughout the organization and by focusing on attracting and retaining retail businesses to increase revenue. Staff has been vigilant and disciplined over the past several years to not increase the workforce (other than for critical public safety needs) and to keep staffing levels lean. Because of those fiscally responsible actions, the City can now face yet another economic downturn and the prospect of still more State takeaways with options, rather than being forced to merely react. In December 2007, we began a belt-tightening strategy that can be fine-tuned and supplemented, if necessary, as events evolve over the coming months.

Total budgeted resources in the coming fiscal year will be adequate to support total budgeted expenditures of \$147 million, so the budget is considered to be balanced. The FY 2008/09 budget also maintains the City Council's long-standing funding priorities by allocating almost two-thirds of the budget to direct costs for public safety and maintenance. The share of General Fund resources budgeted for these purposes is actually 89% when overhead costs required to support these functions are allocated. Although we are continuing to fund much-needed public safety staffing added in FY 2007/08, the FY 2008/09 budget continues most of the service reductions implemented since FY 2002/03. In addition, the strategies adopted in December 2007 — a 1% General Fund savings target and not filling many staff vacancies — will continue through FY 2008/09 and into FY 2009/10.

Budget Overview

Property taxes are expected to remain the City's largest revenue source in FY 2008/09. Despite the decline in other major revenues since the peak year of FY 2000/01, property tax revenues have remained strong. Although the extremely vigorous real estate market sales activity of the past few years is beginning to slow down in Fremont, the City's FY 2008/09 property tax revenues are based on property assessed valuation as of January 1, 2008, and Fremont properties continue to hold their value. Therefore, property tax revenues are projected to grow in FY 2008/09 to \$46.5 million.

In contrast to the consistently strong property tax trend, sales tax trends are emblematic of the City's broader revenue volatility. After reaching a high point of \$33.2 million in FY 2000/01, sales tax revenues endured a multi-year decline to a low point of \$26.8 million in FY 2003/04. The steep drop was caused by the collapse of the Silicon Valley technology market and Fremont's reliance on sales tax from high-tech manufacturers. Sales tax from the high-tech and biotech sectors now appears to be stabilizing, and City efforts to diversify and strengthen our sales tax base by increasing the consumer retail sales and auto sales tax bases continue to pay off. Our revenue projections assume that sales tax revenues will grow modestly for FY 2008/09, to \$37.5 million (including the "triple flip" property tax replacement for one-quarter of our sales tax).

If, in a given year, total resources available exceed total uses, the "surplus" increases fund balance. Fund balance has been a crucial resource for cushioning the City's transition to a lower revenue base in recent years. Instead of spending all of the surplus during the "boom" years of the late 1990s, the City set aside a portion of those revenues in fund balance for use in future lean years. When revenues dropped suddenly during FY 2001/02 and the City anticipated a year-end budget shortfall, the City used \$10 million of fund balance to balance the budget.

In FY 2007/08, the City is expecting to use \$4.7 million of its \$6.9 million fund balance. This will result in undesignated fund balance of \$2.2 million with which to begin FY 2008/09. All of this amount, plus \$4.1 million from the Budget Uncertainty Reserve, is expected to be used to help balance the FY 2008/09 budget. City efforts at managing through this downturn have led to incorporating the following key assumptions into the FY 2008/09 budget:

1. The local economy (on which City budget assumptions are made) will continue to grow modestly during FY 2008/09, enabling ongoing General Fund resources to increase by approximately 4%.
2. The 1% targeted cost reduction and the "freezing" of selected vacant positions implemented in December 2007 will continue through FY 2008/09 and FY 2009/10.
3. In addition to the 1% cost reduction target, total budgeted expenditures in FY 2008/09 and the forecast for FY 2009/10 include nonspecific savings of \$1.5 million per year (approximately 1% of total budgeted expenditures and transfers out for FY 2008/09) to compensate for the historical tendency to under-spend total resources allocated.
4. The FY 2008/09 budget does not include any prefunding of the City's other post-employment benefit (OPEB) liability, nor does it include any contribution for the Capitol Avenue project. These items begin to be funded again in FY 2009/10.

5. The City will prepay its FY 2008/09 employer contribution to CalPERS, resulting in an estimated savings to the General Fund of \$700,000.
6. Maintenance activities will be moved from their separate fund (Fund 500) back into the General Fund. This structural change, which will occur in FY 2008/09, is intended to clarify the funding source for the bulk of the City's maintenance costs while being cost-neutral to the General Fund.
7. The General Fund's primary reserves, totaling 15% of total expenditures and transfers out, will remain unused for FY 2008/09 and FY 2009/10. However, \$7.9 million of the City's \$11.2 million Budget Uncertainty Reserve will be used over the next two fiscal years – \$4.1 million in FY 2008/09 and \$3.8 million in FY 2009/10.
8. No specific provision is made for future State takeaways in the proposed budget. However, the City will be ready to respond to any such takeaways confirmed by State legislative action when the amount and timing are known, and we will return to Council as needed.

Impact of State's Financial Condition

The State budget continues to be a real threat. In August 2007, the State passed a budget for FY 2007/08 that relied heavily on debt and deferral of expenses. That budget (and all State budgets for the foreseeable future) continues to incorporate multibillion dollar structural deficits as one of its most basic assumptions. The non-partisan Legislative Analyst's Office issued a report in November 2007 that projected a budget gap of \$9.8 billion over the next 18 months (through the end of FY 2008/09). That number has now grown to \$17.2 billion, with no solution yet in sight.

To address this budget gap, the Governor ordered directors of all State agencies to formulate plans to cut budgets by 10% in FY 2008/09. Further, in accordance with the provisions of Proposition 58 (the California Balanced Budget Act), passed by the voters in 2004, the Governor declared a "fiscal emergency" and convened a special session of the Legislature in January to begin dealing with the significant budget gap, rather than waiting for the normal budget cycle to commence. The actions that came out of that declaration included issuing the remaining \$3.3 billion of voter-approved Economic Recovery Bonds (the so-called "triple-flip bonds"), shifting the payment schedule for reimbursement to local agencies for mandated cost claims by a year, and delaying the payment of gas tax moneys to local governments for five months. These are short-term solutions that do not even begin to address the underlying structural problems inherent in the State budget and that budget process.

In 2004, voters approved Proposition 1A, which provides a small level of protection for local revenues. However, the State, beginning in FY 2008/09, can once again turn to cities to help balance its budget. Given the current condition of the State's finances and its inability so far to deal with its structural issues, we are concerned about actions the State may take. Many believe this year's State budget gap will be tougher to resolve than in past years because all of the "easy" fixes are gone, and because the roots of this budget crisis are far more pervasive and wide-spread than has been the case in the past. Another factor is that, over time, the Legislature has cut taxes (according to the California Budget Project, tax cuts enacted since 1993 will cost the State \$12 billion in lost revenues in the current

Budget Overview

year). The largest of these is the reduction in Vehicle License Fees (VLF), which will cost the State \$6.1 billion in FY 2008/09. Reversing tax cuts is difficult: it only takes a simple majority of the Legislature to reduce taxes, but it takes a two-thirds vote to increase a tax.

State constitutional provisions and State laws approved by the voters limit the State's budget flexibility in solving these structural deficits. Voters have "locked in" an increasing share of budgeted expenditures without increasing revenues. Such voter-approved funding commitments are often contradictory but, even worse, they reduce the State's flexibility needed to deal with changing budget circumstances. All of these factors combine to make this an especially difficult year for the Governor and the Legislature to reach agreement on the State's FY 2008/09 budget.

Operational Impacts and Challenges

For all of these reasons, we strongly believe that every dollar saved today is a dollar we don't have to cut tomorrow. Several years ago, the City cut costs by more than 25% and reduced staff by more than 220 positions. These severe reductions in FY 2002/03 created critical public safety and maintenance issues and have hampered our ability to provide optimal administrative support to frontline operations. Although we will likely never be able to restore all of the services that were cut, we were able to add some much-needed public safety positions in FY 2007/08, thanks in part to the receipt of a five-year \$1 million Staffing for Adequate Fire and Emergency Response (SAFER) Grant from the U.S. Department of Homeland Security. This grant allowed us to hire 10 new firefighters who will staff the new Fire Station 11 on the west side of town, which will open in June 2008.

The recent economic downturn (primarily the result of the credit market and sub-prime mortgage crises shaking the entire country) and concern about how the State will deal with its own budget gap mean that we do not currently have the resources to staff all of our authorized positions throughout the City. A number of vacant positions in several departments were frozen in FY 2007/08, and funding for those positions is not included in the FY 2008/09 proposed budget. In addition, all departments were directed to reduce their budgets by 1% in December 2007, and that savings target is carried forward and included in the proposed appropriations for FY 2008/09. To help achieve these savings, many departments, including Police and Fire, are holding certain authorized funded positions vacant to save money while trying to preserve the existing long-term work force structure.

Besides not filling and funding all positions in FY 2008/09, there are some other staffing changes in the organization. The total authorized staffing Citywide is increasing from 912.12 fulltime equivalent positions (FTEs) in FY 2007/08 to 919.975 FTEs in FY 2008/09, an increase of 7.855 FTEs. All of these new positions are funded outside the General Fund. New positions in other funds are grant- or fee-funded (8.855 FTEs), and are partially offset with some position eliminations (1.00 FTE) in the General Fund. This addition of 8.855 FTEs in other funds will have no impact on the General Fund and, in fact, the General Fund benefits from the 1.00 FTE that has been eliminated. Although these actions are necessary to help balance the budget, staffing levels for the most basic services – public safety and maintenance – remain at their lowest level in at least 14 years when viewed in relation to Fremont's population. The total City workforce consists of 4.3 FTEs per 1,000 residents.

Another challenge is the increasing cost of maintaining Fremont's infrastructure, primarily due to three factors. First, as Fremont ages, so does its public infrastructure. The majority of Fremont's public infrastructure was constructed many years ago and now requires either an increased level or frequency of repairs, compounded by not having had adequate resources to spend on street maintenance in the past. Second, as Fremont continues to grow, additional infrastructure is added that must be maintained, further stretching the City's limited maintenance resources. Finally, new requirements result in increased costs. Some of these requirements are voluntary, such as the City's continued move toward greater sustainability. Although sustainability programs such as improved energy efficiency



will eventually save money and reduce greenhouse gas emissions, in the near term there are increased transitional costs. Other maintenance requirements, which are regulatory in nature, have increased dramatically over the last few years, and have added significant costs to City operations. In addition to new storm water requirements, the City must comply with new regulations that compel reducing emissions from our fleet (resulting in a diesel engine retrofit program and new hazardous materials controls) and that restrict the type of paint that can be used for pavement signing and striping (resulting in the need to repaint all traffic signs and stripes more frequently).

One of the most draconian changes lies in the next renewal of the City's National Pollutant Discharge Elimination Systems (NPDES) permit, which will be issued in early 2009. Compliance requirements for this permit are expected to be significantly more comprehensive and restrictive. Additional resources are included in the FY 2008/09 proposed budget (funded by clean water fees) to address these increasing reporting and compliance requirements imposed by the State of California Regional Water Quality Control Board.

Major City Initiatives

Development: There are a number of significant development projects and initiatives underway. These are all important elements of our sales tax diversification strategy.

Capitol Avenue Project: The Capitol Avenue project is a "Main Street" style pedestrian-oriented development that will be a catalyst project for further development of the City's Central Business District. The project is proposed to include the extension of Capitol Avenue to Fremont Boulevard, as well as development of the City's seven-acre property adjacent to State Street. Staff will continue negotiations with the City's development partners over the next year, concluding with bringing a development agreement to the Council for consideration.



Budget Overview

Pacific Commons: Pacific Commons is an 880,000-square foot retail center located at I-880 and Auto Mall Parkway. The first stores at Pacific Commons opened in October 2004, and the center has thrived ever since, bringing in additional sales tax dollars. Some of the businesses at Pacific Commons include Costco, Lowe's, Circuit City, Bassett Furniture, Kohl's, and Old Navy. Restaurants include Claim Jumper, PF Chang's China Bistro, Panera Bread, and In-N-Out Burger. Additional stores will be opening in mid-late 2008, as the last phase of Pacific Commons is completed.

The nearby Fremont Auto Mall has also proven to be quite successful. During the past several years, new dealership openings included Land Rover/Volvo/Jaguar and Nissan. Magnussen Lexus moved to a new, larger location within the Auto Mall, and the Toyota dealership underwent a major expansion.

Biotech: Fremont's biotech and medical device industry cluster continues to develop. Amgen, the world's largest biotechnology company, purchased Fremont-based Abgenix last year and is expanding its manufacturing facilities in Fremont. Boston Scientific renewed and increased its lease holdings to five buildings. While some larger firms outgrew their space, small to mid-size life science firms are still interested in Fremont and staff continues to meet with potential businesses and market local sites. The Ardenwood business district, in particular, will continue to be a regional focus of the life sciences industry due to the purchase of the former Sun Microsystems campus in Newark (across Route 84 from Ardenwood) and its conversion to the Pacific Research Center.

Major League Baseball: In November 2006, the Oakland Athletics (A's) announced a deal with Cisco Systems, Inc., to purchase property near I-880 and Auto Mall Parkway as a site for a new baseball stadium and ballpark village. One year later, in November 2007, the A's submitted an application for a Community Specific Plan for the project that allowed the City to initiate an environmental impact review on the proposed project.



The proposed project consists of a combination of land uses, including approximately 540,000 square feet of retail, 3,150 housing units, and a 32,000-seat Major League Baseball ballpark. The land area for the proposed project is approximately 226 acres and is generally located just south of the Pacific Commons retail center and the Fremont Auto Mall. The ballpark and a mixed use development including commercial and housing components would occupy 182 acres, with another 44 acres (located in three adjacent parcels at the edge of the project site) designated for parking. The A's have partnered with Cisco Systems on a 30-year naming rights agreement to name the ballpark "Cisco Field."

This partnership with Cisco also includes a broad marketing and branding agreement, which both believe will help create a unique fan experience by implementing state-of-the-art technology throughout the ballpark.

The developer's projected cost of the ballpark is \$400-500 million, and the entire project is estimated to cost around \$1.5 billion. The environmental impact report, which is now underway, is anticipated

to take 12-18 months to complete. It will likely take another 12-18 months to go through the building permit process, and then two years to construct the new ballpark. The estimated time frame to complete the ballpark is five years from now.

General Plan Update: State law requires cities to adopt a comprehensive General Plan, which serves as the basis for all future development decisions in the community. In FY 2007/08, the City began working in earnest on an update to its General Plan, which was last comprehensively rewritten in 1991. As part of that effort, staff sought extensive community input, completed several technical studies, and held a series of study sessions with the City Council and the Planning Commission on land use policy issues.

In FY 2008/09, the Planning Commission and City Council will continue to provide direction on policy issues, and staff will hold topical community workshops to receive additional public input. Completion of a draft General Plan is anticipated by the end of 2008, with adoption of a final plan slated for late 2009.



Redevelopment: Several exciting redevelopment projects are underway. All of these projects will help revitalize the Redevelopment Project Areas and bring new revenue into Fremont.

Centerville: One of the largest projects underway in the Centerville district is the Agency-owned Centerville Unified Site, located on a 6.6-acre site along Fremont Boulevard near Thornton Avenue. This year the Agency anticipates selecting a developer for the site, negotiating a disposition and development agreement, and commencing the entitlement process for a new development. This development will be a public/private partnership between the selected developer and the Redevelopment Agency, focused on creating a mix of uses and featuring architectural design consistent with the character of Centerville.



Irvington: The Washington Boulevard and Paseo Padre Parkway Grade Separation is the largest redevelopment project in the Irvington district. This \$111 million project, which will build an overpass on Washington Boulevard and an underpass on Paseo Padre Parkway to separate car, bicycle, and pedestrian traffic from railroad crossings, is described in detail in the Capital Projects section of this overview.

The Bay Street Streetscape and Parking Project is one of the cornerstones for Irvington's revitalization. The project was initiated to transform the street environment for this three-block stretch of Bay Street to support existing, and create new, commercial and residential mixed uses, as well as to encourage other public and private investments in and around the Five Corners in Irvington. Construction of the parking lot was completed in spring 2008. Utility undergrounding will be completed in 2008, followed by streetscape improvements in 2009.

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Niles: The 138-acre Niles Redevelopment Project Area is located at the western edge of Niles Canyon, near the intersection of Niles and Mission Boulevards. For the past several years, staff has been working with the community on the development of the Niles Town Plaza. Located on the north side of Niles Boulevard on an approximately two-acre portion of the former Union Pacific (UP) Railway Property, at H and I Streets, the \$4.25 million Town Plaza will consist of landscape improvements, a fountain, an amphitheater and stage area, and two rehabilitated historic railroad buildings. Once development is complete, the plaza will act as an anchor for what will ultimately be a two-story main street-style development on the remainder of the former UP property and two abutting City-owned parking lots. The ultimate build-out of this project will transform Niles Boulevard into a more typical two-sided commercial street. Environmental remediation of the property has been completed and construction is underway, with a scheduled completion date of fall 2009.



In conjunction with the redevelopment of the former UP property and its environs, the Redevelopment Agency will begin the design and development of a pedestrian link connecting the former UP property and Niles historic commercial core to the more visible Niles Canyon Railway passenger boarding/disembarkation platform and Mission Boulevard. The first step in this project will be selecting the optimal location and type (e.g., pedestrian bridge, at-grade railroad crossing) of connection and determining the cost of construction.

Proposed Plan Amendment: The primary source of funding for the Redevelopment Agency is tax increment generated from the Industrial Redevelopment Project Area. It is now estimated that the current \$400 million cap on the receipt of Industrial Area tax increment will not be sufficient to provide the needed funding for the projects identified in the 1998 plan amendment. Current estimates indicate that the existing \$400 million cap will be reached in FY 2011/12.

In July 2007, staff began working on a plan amendment to increase the tax increment revenue cap. It is anticipated the plan amendment process will take approximately 18-24 months, with an estimated completion date of early 2009. The successful completion of the plan amendment process will increase the resources available to the Agency for both housing and non-housing activities.

Capital Projects: Despite the challenges in the City's General Fund, we continue to work on a variety of major capital projects. These projects can proceed because, for the most part, they do not rely on the City's General Fund. Rather, their funding comes from such sources as redevelopment, traffic impact fees, State and regional sources, and the Fire Safety Bond (Measure R) approved by Fremont voters in 2002.

Grade Separation Project: The \$111 million Washington Boulevard/Paseo Padre Parkway Grade Separation Project in the Irvington District is the largest public works project undertaken in the City's history. The project includes building an overpass on Washington Boulevard between Bruce Drive and Roberts Avenue and an underpass on Paseo Padre Parkway between Shadowbrooke Common Road and Hancock Drive to separate car, bicycle, and pedestrian traffic from railroad crossings. The project

also includes the relocation of about 1.5 miles of the active Union Pacific (UP) railroad tracks up to 500 feet to the east of where they are now in the area between Paseo Padre Parkway and Washington Boulevard.

The Grade Separation Project will benefit Fremont in a number of ways. First, it will facilitate the future BART extension to Warm Springs and San Jose by allowing the BART trains to travel at-grade once they emerge from underneath Central Park and Lake Elizabeth. Keeping the trains at-grade is both less expensive for BART and less disruptive for residents and businesses near the BART tracks. Second, the project will improve safety, reduce traffic delays, and eliminate the need for freight trains to sound their horns when approaching and crossing Washington Boulevard, High Street, Main Street and Paseo Padre Parkway (the train crossings at High and Main Streets will be eliminated by the relocation of the UP tracks). In turn, eliminating traffic backups at train crossings will help reduce cut-through traffic on neighborhood streets and improve safety in the area by separating pedestrians, bicycles and vehicles from the railroad tracks.



The City has committed \$42.8 million in redevelopment funds and traffic impact fees to the project. The remaining \$68 million has been secured from State and regional sources like the State Grade



Separation account, Alameda County Congestion Management Agency (CMA), bridge tolls, the County's Measure B half-cent sales tax, and a partnership with BART to bring in State Traffic Congestion Relief funds. The \$48.1 million main construction contract was awarded in March 2007, and construction began in May 2007. Construction is scheduled to last until late 2010 or early 2011, depending on the weather. Construction is over half-way done and the contractor is currently projecting a completion date of late 2009, a year ahead of schedule assuming a normal winter next year.

Fire Safety Bond Projects: In November 2002, Fremont voters approved Measure R by 74.4%, thereby authorizing the City to issue \$51 million in general obligation bonds, to be repaid by a property tax levy. Proceeds from these bonds are to be used to replace three fire stations, build public safety training facilities, and make remodeling and seismic improvements to seven existing fire stations. To date, \$35 million in bonds has been issued, and one of the new fire stations (Station 8 in North Fremont) is complete. This is the first new fire station to open in Fremont since the early 1990s. Station 6 in Centerville is under construction, and Station 2 in Niles is scheduled to bid this summer. In addition to

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Fire Safety Bond proceeds, \$1.5 million in redevelopment funds will be allocated to Station 2 so that it can be relocated from its existing site on Second Street near H Street to a site at the corner of Niles Boulevard and G Street, as a means of helping revitalize the Niles Redevelopment Project Area.



Of the stations being remodeled, six are complete (Station 1 in the Central Business District, Station 4 at Pine Street and Paseo Padre Parkway, Station 5 in Warm Springs, Station 7 at Grimmer Boulevard and Auto Mall Parkway, Station 9 at Stevenson Place, and Station 10 in Ardenwood). The remodel of Station 3 in Irvington is planned to commence early next year. The public safety training facilities consist of a Police firing range and Fire training classrooms and tactical facilities. The Fire training classrooms and the Police firing range are scheduled to begin construction this summer. The Fire tactical training facility is in design.

Fire Station 11: After closing this temporary station in 2003 and putting plans for building a permanent station on hold, we are once again able to move forward with opening this fire station in the Industrial Area, west of I-880. Currently, this area is served by fire stations on the other side of the freeway. As this area continues to grow and develop, having a fire station in closer proximity becomes increasingly important. The temporary station is scheduled to open in June 2008, and will be staffed by firefighters funded, in part, by a \$1 million SAFER grant from the U.S. Department of Homeland Security. Construction of the permanent fire station will be funded by certificates of participation (COPs) expected to be issued in the fall of 2008, with construction scheduled to be complete by the end of 2010.

Water Park: The new family water park in Central Park, “Aqua Adventure,” currently is under construction, with a target opening date of May 2009. This facility replaces the old swim lagoon and is a significant investment for the community. It was made possible with a combination of funding sources, including State Propositions 12 and 40, significant grants from The Candle Lighters and Fremont Bank Foundation, and resources from the City’s Recreation Cost Center. No General Fund money has been expended on this project, and it is anticipated the water park will be self-supporting. This will be a significant addition to the menu of recreation opportunities for the community.



Conclusion

As Fremont embarks on its second fifty years and looks forward to the next milestone, we continue to be faced with the challenge of finding new ways to maximize our service delivery to our community even as we are faced with the need to reduce costs in an uncertain economy. We are fortunate that people here care deeply about their community and local leaders are committed to ensuring Fremont's bright future. They want to help, they want to participate, they want to maintain Fremont as a safe place in which to raise their families, and they want to leave a legacy for future generations. Our role as an organization is to continue to find effective ways to work with our residents and business community to ensure that Fremont remains a special place where people want to live, work, and play now and in the future.

A handwritten signature in black ink, reading "Fred Diaz". The signature is fluid and cursive, with the first name "Fred" and last name "Diaz" clearly legible.

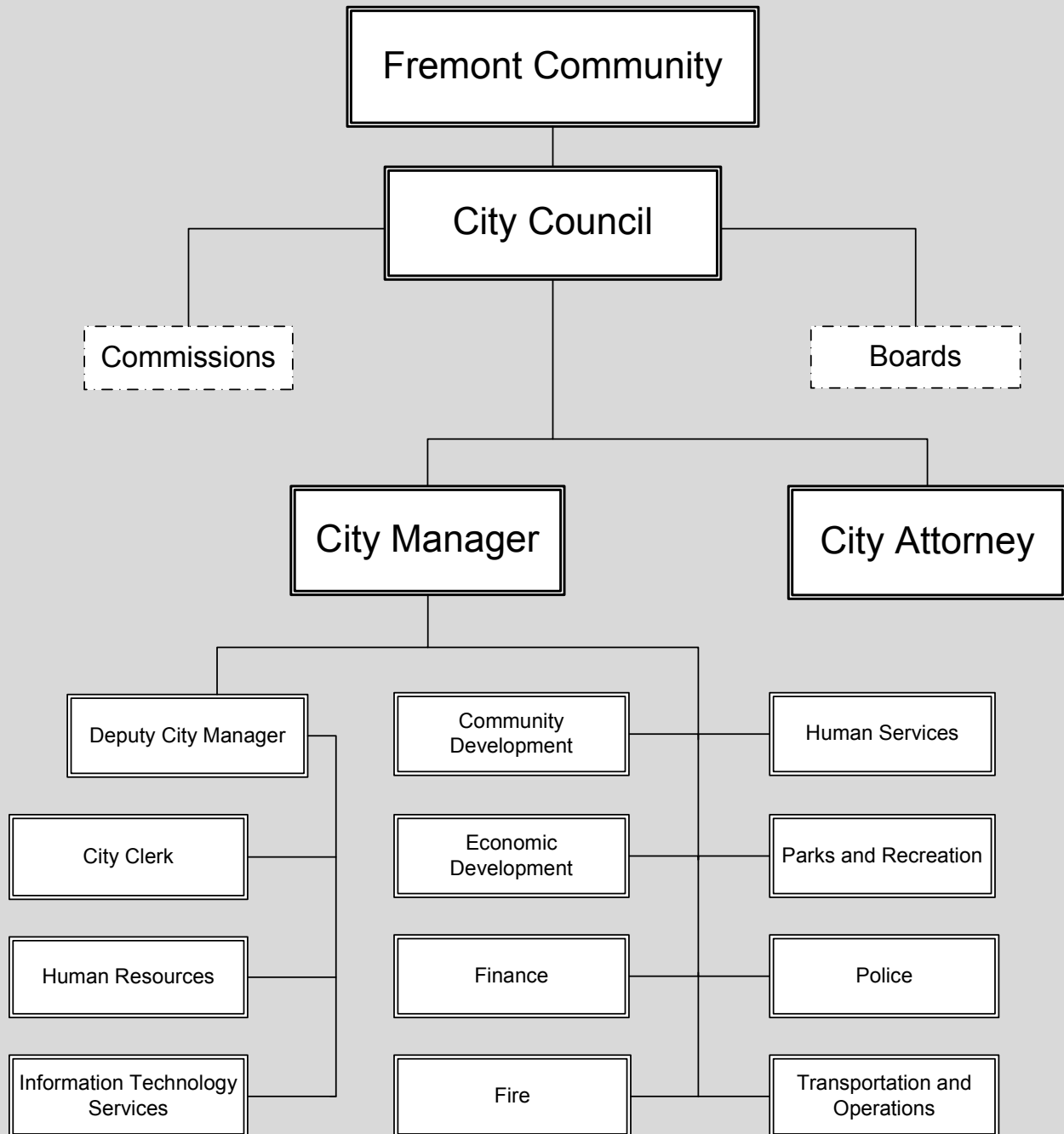
Fred Diaz
City Manager

Budget Overview

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Summary Information

City of Fremont Organization Chart Fiscal Year 2008/09



City of Fremont, California Regional View



City of Fremont Profile

History

Fremont's rich heritage can be traced to the Ohlones, natives of the land, and to the Spanish priests who established Mission San Jose, the first Spanish mission located inland. Since those early days, Fremont's rich soil, central location, and excellent climate have continued to attract newcomers to this area. In the mid-1840's, John C. Frémont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. During the Gold Rush era, the Mission area attracted miners headed for the California gold fields. Governor Leland Stanford acquired land in the Warm Springs area, where he planted vineyards and built one of the first wineries in the state. The Niles district made history when the last tracks needed to connect the transcontinental railroad were laid there. Further acclaim came to Niles when Charlie Chaplin filmed "The Tramp" at the Essanay Movie Studio there. In 1853, Washington Township was established and included the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined to form the City of Fremont.



Quality of Life

Fremont, located in southern Alameda County, stretches from the San Francisco Bay to the top of Mission Peak above historic Mission San Jose in the east. With a population of over 210,000, Fremont is the fourth largest city in the San Francisco Bay Area and ranks 97th among the most populous cities in the nation according to the California State Department of Finance. Fremont is approximately 92 square miles in size and includes the 450-acre Central Park and 80-acre Lake Elizabeth, along with 51 other parks, five community centers, and extensive sports facilities. Fremont is also home to the Don Edwards San Francisco Bay National Wildlife Refuge, adjacent to Coyote Hills Regional Park.

Fremont enjoys a high rate of home ownership, a low crime rate, and a quality of life that is considered to be one of the best in the United States. For example, Fremont was rated as the best place in which to raise healthy children in the nation, and Men's Health magazine rated Fremont #1 in the nation for men's health. Fremont residents can expect a first-rate menu of local services, including a highly rated public education system, excellent public safety program, and a vast array of recreation, park, and other leisure activities. In addition to beautiful parks and extensive recreational facilities, Fremont is easily accessible to three international airports, several major educational institutions, the Bay Area Rapid Transit (BART) system, and professional sports and cultural opportunities. Fremont is also home to Washington Hospital, a community asset for over 50 years.

Summary Information | City of Fremont Profile



Government

Incorporated January 23, 1956

Fremont is a General Law Council/Manager City governed by a five-member City Council with a directly elected Mayor, all elected at large.

Number of Directly-Elected Mayors (since 1978): 5

Number of City Managers since Incorporation: 7

Full-time Employees FY 2008/09 ¹	
Community Development	113.50
Economic Development	4.68
Fire	161.00
General Government	86.90
Housing & Redevelopment	13.72
Human Services	52.80
Parks & Recreation	69.35
Police	302.00
Transportation & Operations	116.03
Total	919.98

Demographics

Population

1956	22,443
1960	43,634
1970	102,321
1980	127,454
1990	173,116
2000	203,413
2007 ²	213,512

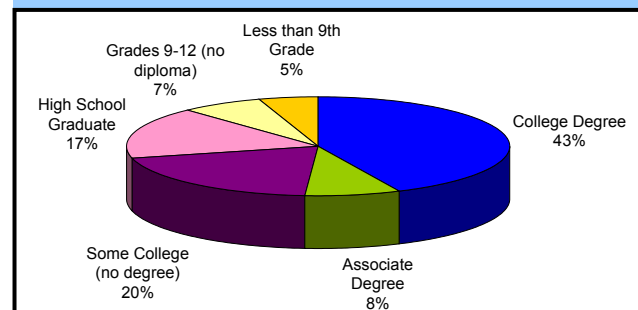
Land Area: 92 square miles

Climate³

Average Temperature: 60°F (15.6°C)

Avg. Annual Precipitation: 14.85"

Level of Educational Attainment (of people 25 years and older)⁴

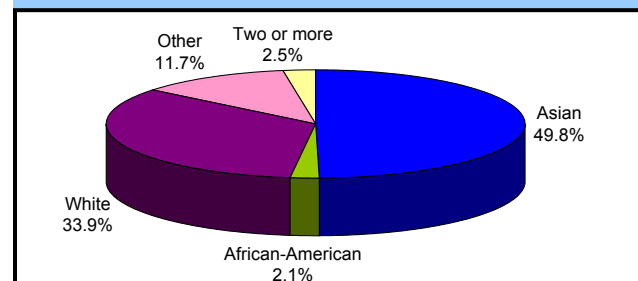


Median Age⁴: 35

Mean Household Income (2007 projection)⁵: \$115,100

Racial Composition⁴

(Hispanic/Latino may be of any race)



Business

Major Employers (listed in order of number of employees)⁵

New United Motor Mfg. (NUMMI)
 Washington Hospital
 Fremont Unified School District (FUSD)
 Smart Modular
 Lam Research Corporation
 Boston Scientific/Target
 Western Digital
 Seagate
 AXT Incorporated
 Asyst Technologies
 City of Fremont
 Office Depot
 Oplink Communications
 Avanex
 Soletron California Corp./Fine Pitch
 Sysco Food Services
 Synnex
 Kaiser Permanente Medical Group
 Mattson Technology Inc.

Community Services

City Resources	
Family Resource Center	1
Parks	52
Senior Center	1
Community Centers	5
Fire Stations	11

Education

Fremont Unified School District (FUSD) has:

- 29 elementary schools
- 5 junior high schools
- 5 high schools
- 1 continuation school

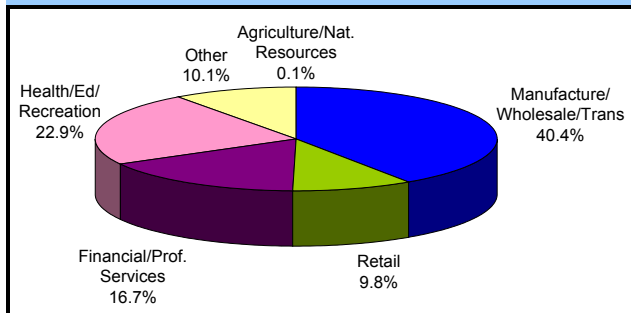
FUSD Average SAT Score⁷: 1694

Percentage of FUSD graduates attending⁸:

- University of California: 20.1%
- California State University: 11.9%

Distribution of Jobs by Major Employment Sections (2007 projection)⁶

Total Jobs = 93,950



Ohlone College is a public, two-year, open-admission community college with an average enrollment of 18,000 students per year⁹.

Summary Information | City of Fremont Profile

Services by Other Governmental Units

Education:	Fremont Unified School District and Fremont-Newark Community College District
Flood:	Alameda County Flood Control and Water Conservation District
Parks:	East Bay Regional Park District
Public Transportation:	Bay Area Rapid Transit District, Alameda-Contra Costa Transit District, ACE Train, and Capitol Corridor Train
Sewer:	Union Sanitary District
Gas and Electricity:	Pacific Gas and Electric
Water:	Alameda County Water District

Notes

¹ FY 2008/09 Adopted Operating Budget, City of Fremont

² California State Department of Finance

³ The Weather Channel

⁴ U.S. Census 2000

⁵ City of Fremont, Economic Development Department

⁶ Association of Bay Area Governments (ABAG)

⁷ California Department of Education

⁸ California Postsecondary Education Commission

⁹ Ohlone College, Office of College Relations

All City Funds Schedule

The Summary of All Funds schedule on the following page groups the City's funds into five categories:

- General Fund
- Cost Center/Internal Service
- Special Revenue
- Redevelopment
- Capital

The first three categories include the City's operating funds, and the last two are special purpose fund categories. Funding for most of the City operations and most of its services comes from the first three fund categories.

The Fremont Redevelopment Agency's budget is adopted separately by the City Council when it sits as the governing board of the Redevelopment Agency. The budget for Capital funds is reviewed and adopted by the City Council as part of the Capital Improvement Program (CIP).

The Summary of All Funds schedule consolidates all funds Citywide and presents the total available resources and total use of resources, including beginning fund balances, revenues, expenditures, "transfers in," and "transfers out." This consolidation is achieved by eliminating all transfers between funds that are within the same fund category and all internal service fund charge transfers. Such eliminations are similar to those made to produce the City's government-wide financial statements, as mandated by Governmental Accounting Standards Board (GASB) Statement 34. These eliminations avoid the double counting that would otherwise occur if these proposed transactions were shown as either additional transfers or as additional revenues and expenditures. Therefore, the "Total Revenues" and "Total Expenditures" lines for all funds present the true budgeted revenues and expenditures expected to be received and spent by the entire organization.

Please refer to the General Fund section and the Other Funds section of this document for more information.

Summary Information | All City Funds Schedule

Summary of All Funds

(Thousands of Dollars)	Total General Fund	Cost Center/ Internal Service Funds	Special Revenue Funds	RDA Funds	Capital Funds	Total All Funds
Revenues						
Intergovernmental:						
Property Taxes	\$ 46,464	\$ -	\$ -	\$ 34,390	\$ -	\$ 80,854
Property Taxes (VLF Replacement)	15,581	-	-	-	-	15,581
Triple Flip - Sales Tax Replacement	9,240	-	-	-	-	9,240
Sales & Use Taxes	28,220	-	931	-	-	29,151
Vehicle License Fees	1,106	-	-	-	-	1,106
Other Intergovernmental	812	-	7,612	-	8,160	16,584
Business License Taxes	7,337	-	-	-	-	7,337
Hotel/Motel Taxes	3,609	-	-	-	-	3,609
Property Transfer Taxes	1,346	-	-	-	-	1,346
Franchise Fees	8,362	-	-	-	-	8,362
Charges for Services	4,860	23,620	6,624	-	-	35,104
Fines	2,588	-	-	-	-	2,588
Investment Earnings	2,408	999	33	3,384	2,320	9,144
Paramedic Fees	1,175	-	-	-	-	1,175
Other Revenues	955	586	1,452	-	3,843	6,836
Total Revenues	134,063	25,205	16,652	37,774	14,323	228,017
Total Transfers In	6,618	5,716	202	-	10,773	23,309
Resources Available: (Revenues plus Total Transfers In)	140,681	30,921	16,854	37,774	25,096	251,326
Expenditures						
General Government	12,252	-	-	-	-	12,252
Police	56,061	-	1,201	-	-	57,262
Fire	32,447	-	628	-	-	33,075
Transportation and Operations	16,440	1,941	6,470	-	1,200	26,051
Community Development:						
Planning	-	4,715	-	-	-	4,715
Building & Safety	-	5,864	-	-	-	5,864
Engineering	-	7,114	-	-	-	7,114
Community Preservation	746	-	85	-	-	831
Housing and Redevelopment	-	-	-	28,694	-	28,694
Human Services	3,789	652	8,398	-	-	12,839
Parks and Recreation	5,123	7,411	192	-	-	12,726
Non-departmental	3,802	(421)	750	-	16,684	20,815
Less: Citywide Savings	(1,500)					(1,500)
Debt Costs	790	-	868	7,499	9,698	18,855
Total Expenditures	129,950	27,276	18,592	36,193	27,582	239,593
Total Transfers Out	16,464	3,651	917	322	1,955	23,309
Resources Used: (Expenditures plus Operating Transfers Out)	146,414	30,927	19,509	36,515	29,537	262,902
Net Results of Operations: (Resources Available less Resources Used)	(5,733)	(6)	(2,655)	1,259	(4,441)	(11,576)
Use of Budget Uncertainty Reserve	-	-	-	-	-	-
Beginning Fund Balance - 6/30/08 (est.)	34,757	11,081	14,451	28,289	18,138	106,716
Fund Balance - 6/30/09 (est.)	\$ 29,024	\$ 11,075	\$ 11,796	\$ 29,548	\$ 13,697	\$ 95,140

Citywide Position Changes Overview

The total authorized permanent staffing level for the FY 2008/09 budget is increasing, although only in areas that are supported by fees for services, grants, or non-general fund resources. Staffing levels in the cost centers are increasing, primarily related to specific projects or programs. Staffing levels in the General Fund are reduced by one position as the result of a department reorganization. Staffing levels for the most basic services — Police, Fire, and Maintenance — remain at their lowest level in at least 14 years when viewed in relation to Fremont’s population.

The authorized level of 919.975 full time equivalent positions (FTEs) is 7.855 FTEs higher than the FY 2007/08 level of 912.12. The increase in net FTE positions is primarily attributable to the addition of new positions in the cost centers, most notably positions in the Community Development Cost Center related to the A’s project, and the new Water Park in the Recreation Cost Center.

The Community Development Department staffing level is 5.2 FTEs more than the FY 2007/08 level, and is related to the A’s proposed ballpark village project. These positions include 2.5 FTE Associate Planners, 1.0 FTE Associate Civil Engineer, 1.0 FTE Associate Landscape Architect, and 1.0 Civil Engineer II. These positions are funded by charges for services related to the project application work, and do not have any impact on the General Fund. The offsetting 0.3 FTE reduction includes a funding shift from the Cost Center to the Redevelopment Agency to better reflect actual allocation of work.

	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
<u>PUBLIC SAFETY</u>						
Fire	157.60	153.00	153.00	153.00	161.00	161.00
Police	292.90	299.10	294.00	294.00	302.00	302.00
TOTAL	450.50	452.10	447.00	447.00	463.00	463.00
<u>OTHER COMMUNITY SERVICES</u>						
Community Development	103.32	102.90	105.10	106.42	108.30	113.50
Economic Development	3.64	4.75	4.64	4.64	4.69	4.68
Human Services	40.57	40.67	43.97	43.97	52.32	52.80
Transportation & Operations	115.60	116.15	113.40	112.90	116.15	116.03
Parks and Recreation	70.10	68.85	67.35	67.35	67.35	69.35
Housing and Redevelopment	13.04	14.68	14.54	13.99	12.91	13.72
TOTAL	346.27	348.00	349.00	349.27	361.72	370.08
<u>ADMINISTRATIVE SYSTEMS</u>						
City Manager's Office	3.00	3.00	3.00	2.40	3.00	2.75
Administrative Systems Office	5.50	6.50	5.30	5.30	4.70	4.70
City Attorney	12.00	11.00	10.75	10.75	10.75	10.50
City Clerk	7.50	7.40	6.40	6.30	5.30	5.30
Finance	25.40	26.40	25.75	25.75	24.75	24.75
Information Technology Services	20.40	20.40	20.40	20.40	21.90	21.90
Human Resources	17.00	17.50	17.00	17.00	17.00	17.00
TOTAL	90.80	92.20	88.60	87.90	87.40	86.90
CITYWIDE TOTAL	887.57	892.30	884.60	884.17	912.12	919.98

Summary Information | Citywide Position Changes

The Parks and Recreation Department staffing level for FY 2008/09 is increasing by 2.0 FTEs over the FY 2007/08 level. The new positions, 1.0 FTE Water Park Manager and 1.0 FTE Water Park Operations Manager, are new position classifications to provide oversight for the new Water Park when it comes on line in FY 2008/09.

The Transportation and Operations Department staffing level is decreasing by 0.125 FTEs compared to the FY 2007/08 level. The decrease is the net effect of reducing 1.0 FTE in Maintenance as a result of reorganization of the division (2.0 FTE positions were eliminated and 1.0 new FTE position was added), and the addition of an 0.875 FTE Environmental Specialist I in the Environmental Services Division to address increasing reporting requirements for the National Pollutant Discharge Elimination System (NPDES). The Environmental Specialist I position is funded by program fees and will have no effect on the General Fund. The elimination of the Public Buildings Superintendent and Fleet Superintendent positions, offset partially by the addition of a new Management Analyst II position, in Maintenance will reduce General Fund positions because of the net elimination of 1.0 FTE.

The increase of 0.48 FTE positions in the Human Services Department, although reflected as an increase in FTEs, is actually the conversion of a former temporary funded position to regular status. This 0.48 FTE increase will transfer the funding from temporary to regular funding, and when combined with an existing 0.52 FTE Counselor position, will create a fully funded position in the Youth and Family Services program, rather than the two existing part-time regular and part-time temporary positions. This “converted” position is supported by fees and/or grants and, therefore, does not require additional General Fund support.

The other miscellaneous adjustments, which include allocation changes within departments and between the Redevelopment Agency and other departments (including the City Manager’s Office, City Attorney’s Office, Economic Development, and Community Development) reflect a better alignment of costs and funding from other sources with no net effect on the overall City position count. Additional information regarding departmental staffing, along with organizational charts, is located in the Department Budgets section of this document.

City Debt Summary

Cities have primarily three choices in financing their operations and funding public facilities: pay-as-you-go, debt financing, and public-private ventures. The City has adopted a Long-Term Capital Debt Policy that sets the guidelines for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. The City will consider the issuance of long-term debt obligations only under the conditions outlined in the policy displayed in the Policies & Glossary section of this document. Current and future planned debt payments affecting the operating budget are detailed on the “transfers summary” located in the General Fund section of this budget.

With respect to the Redevelopment Agency debt, staff is monitoring the collection of tax increment to ensure that all bonds are repaid when the tax increment cap is reached (currently projected to be FY 2011/12). The Redevelopment Agency Bonds contain call provisions, beginning in FY 2006/07, to ensure that all bonded indebtedness is repaid prior to reaching the tax increment cap.

The following charts summarize the City’s existing long-term debt and future debt obligations related to that existing debt.

Debt Outstanding — Fiscal Years Ending 2007 and 2008		
	<u>2007</u>	<u>2008</u>
Redevelopment Agency		
Bonds, Series 2004 (refi of 2000)	\$33,695,000	\$29,940,000
Taxable Housing Bonds	13,950,000	11,825,000
Total Tax Allocation Bonds	\$47,645,000	\$41,765,000
General Obligation Bonds		
General Obligation Bonds, Election of 2002 Series A	9,430,000	9,220,000
General Obligation Bonds, Election of 2002 Series B	25,000,000	25,000,000
Total General Obligation Bonds	\$34,430,000	\$34,220,000
City's Certificates of Participation - General Fund		
1990 Public Financing Authority	4,225,000	3,850,000
1991 Public Financing Authority	3,700,000	3,600,000
1998 Public Financing Authority	16,515,000	15,935,000
2001 Public Financing Authority	32,110,000	31,345,000
2001B Public Financing Authority	8,745,000	8,380,000
2002 Public Financing Authority	34,265,000	33,365,000
2003 Public Financing Authority	20,260,000	19,405,000
Subtotal	\$119,820,000	\$115,880,000
1998 Public Financing Authority (Fremont Family Resource Center)	\$10,830,000	\$10,560,000
Total Certificates of Participation	\$130,650,000	\$126,440,000
Total Tax Allocation Bonds, General Obligation Bonds, and Certificates of Participation	\$212,725,000	\$202,425,000

Summary Information | City Debt Summary

Annual Debt Service Requirements

	<u>City's Certificates</u>		<u>General</u>		
	<u>City's Certificates</u>	<u>City's Certificates</u>	<u>General</u>	<u>General</u>	
	<u>of Participation -</u>	<u>of Participation -</u>	<u>Obligation Bonds</u>	<u>Obligation Bonds</u>	
	<u>Source of Payment</u>	<u>Source of Payment</u>	<u>Election of 2002</u>	<u>Election of 2002</u>	
	<u>General Fund</u>	<u>Center</u>	<u>Series A</u>	<u>Series B</u>	<u>Redevelopment</u>
FY 2008/09	\$ 9,347,950	\$ 813,361	\$ 609,867	\$ 1,146,485	\$ 7,498,596
FY 2009/10	9,279,708	813,119	604,117	1,647,560	7,496,286
FY 2010/11	9,239,321	812,118	597,967	1,659,185	7,487,881
FY 2011/12	9,231,381	816,459	596,117	1,669,760	7,479,124
FY 2012/13	9,188,494	816,459	598,207	1,679,285	7,479,124
Thereafter	112,727,286	12,812,148	12,138,898	36,906,765	9,694,394
Total Principal					
& Interest	159,014,140	16,883,664	15,145,173	44,709,040	47,135,405
Less Interest	(43,134,140)	(6,323,664)	(5,925,173)	(19,709,040)	(5,370,405)
Total Principal	\$ 115,880,000	\$ 10,560,000	\$ 9,220,000	\$ 25,000,000	\$ 41,765,000

Legal Debt Margin

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries. In accordance with California Government Code section 43605, only the City's general obligation bonds are subject to the legal debt limit. With only \$34,220,000 of outstanding debt subject to the legal debt limit and a legal debt limit of \$4,531,669,743, the City is not at risk of exceeding its legal debt limit.

Computation of Legal Debt Margin as of June 30, 2007

Assessed Valuation (Net) ¹	<u>\$30,211,131,621</u>
Debt Limit: 15% of Assessed Value	\$4,531,669,743
Less Outstanding Debt (Subject to Legal Debt Limit)	<u>34,220,000</u>
Legal Debt Margin	<u>\$4,497,449,743</u>

¹Source: Alameda County-Controller's Office Certification.

Compliance with Long-Term Capital Debt Policy

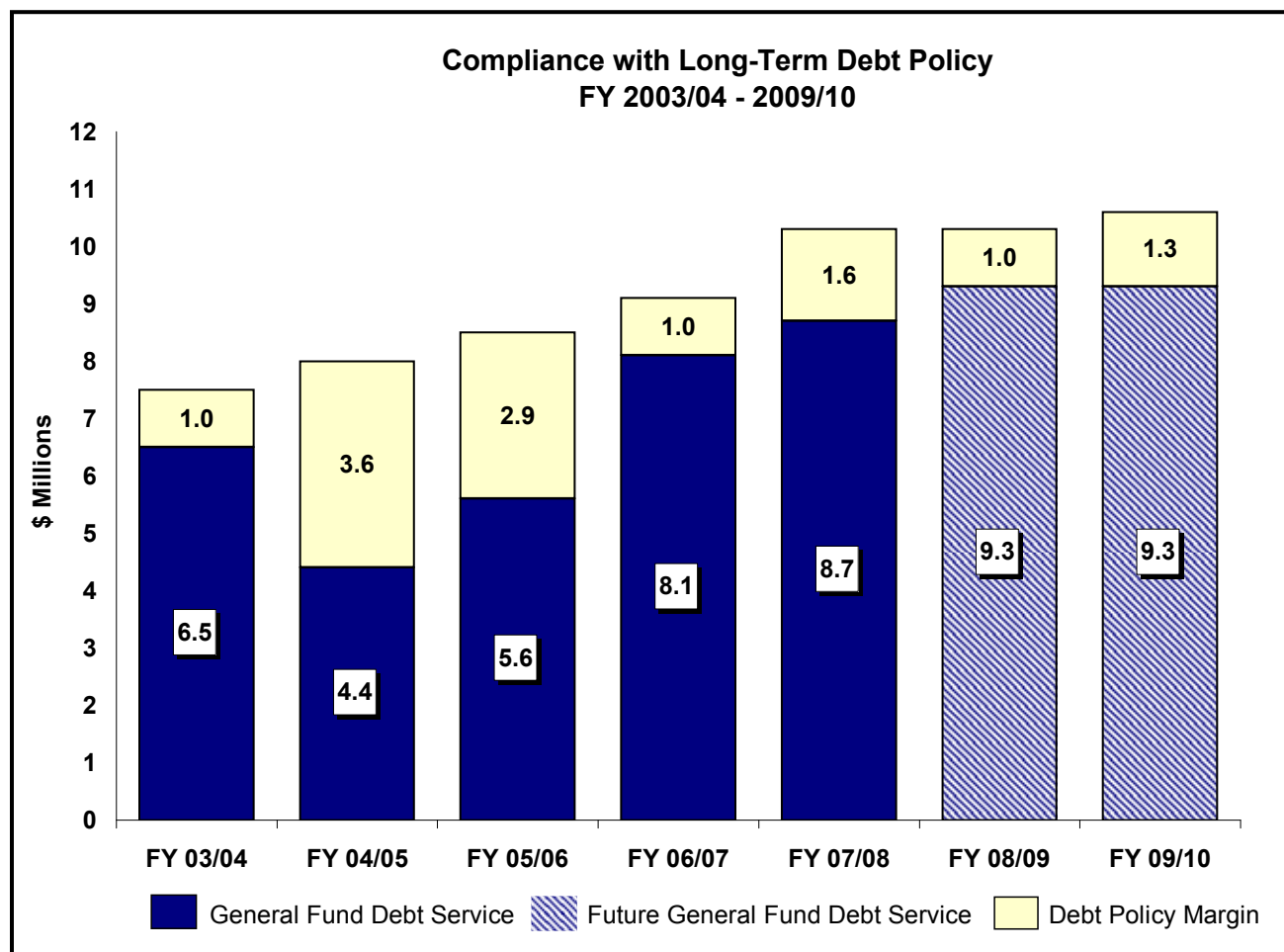
The City of Fremont's Long-Term Capital Debt Policy, adopted by the City Council on May 7, 1996, and revised and readopted with the CIP on July 8, 1998, requires that General Fund supported debt service not exceed 7% of total General Fund budgeted expenditures and transfers out. With FY 2008/09 General Fund supported debt service of \$9,347,950, and a debt level limit of \$10,291,050, the City has not exceeded its debt service limit.

Computation of Compliance with Debt Service Limit

Total General Fund Budgeted Expenditures and Transfers Out	<u>\$147,015,000</u>
Policy Debt Level Limit:	
7% of Total Budgeted Expenditures and Transfers Out	\$ 10,291,050
Less General Fund Supported Debt Service	<u>9,347,950</u>
Policy Debt Margin	<u>\$ 943,100</u>

Compliance with Long-Term Capital Debt Policy

The City's Long-Term Capital Debt Policy limits General Fund-supported debt to a maximum of 7% of total General Fund budgeted expenditures and transfers out. The City has been in compliance with this policy since it was adopted by the City Council in 1996. The forecast for long-term debt indicates that the City will remain in compliance and will not exceed 7% of total General Fund budgeted expenditures and transfers out. Over the next two years, the average General Fund-supported debt will be \$9.3 million. The FY 2007/08-FY 2011/12 CIP includes additional debt-funded projects. Because of the timing of the issuance of debt and the timing of commencement of debt service payments, staff believes the City will continue to be in compliance with the Council's Long-Term Debt Policy.



Gann Limit

Article XIII B of the California Constitution (enacted with the passage of Proposition 4 in 1979, with modifications under Proposition 111 passed in June 1990 and implemented by California Government Code sections 7900, and following) provides the basis for the Gann appropriation limitation. In brief, the City's appropriations growth rate is limited to changes in population and either the change in California per capita income or the change in the local assessment roll due to new, non-residential construction.

The formula to be used in calculating the growth rate is:

$$\begin{aligned} & \frac{\% \text{ change in population} + 100}{100} \\ & \text{times} \\ & \text{either} \\ & \frac{\% \text{ change in per capita income} + 100}{100} \\ & \text{or} \\ & \frac{\% \text{ change in non-residential assessed value} + 100}{100} \end{aligned}$$

The resultant rate times the previous appropriation limit equals the new appropriation limit.

Both the California per capita personal income price factor and the population percentage change factors are provided by the State Department of Finance to local jurisdictions each year. Population percentage change factors estimate changes in the City's population between January of the previous fiscal year and January of the current fiscal year. Reports that present changes in new, non-residential assessed value are provided by the County of Alameda. These numbers provide the basis for the factor to be used in the City's calculation of the Gann Limit. Of the two methods above, the City is using the "new, non-residential assessed valuation" factor because it results in the higher appropriations limit.

On May 1, 2008, the State Department of Finance notified each city of the population changes and the per capita personal income factor to be used in determining appropriation limits. The percentage change in per capita income is 4.29%. The calculation as applied to the City of Fremont for FY 2008/09 is:

The population on January 1 of the previous year (211,162) compared to the population on January 1, 2008 (213,512), is 2,350, or a 1.11% increase.

The change in new, non-residential assessed valuation is 5.58%.

The factor for determining the year-to-year increase is computed as:

$$\frac{1.11 + 100}{100} \times \frac{5.58 + 100}{100} = 1.0675$$

Summary Information | Gann Limit

Applying this year's factor of 1.0675 to last year's limit of \$438,540,443, the Gann Limit for FY 2008/09 yields \$468,141,923.

Based on an operating budget of \$147,015,000, Fremont is not at risk of exceeding the Gann Limit. The Gann Limit is adopted by the City Council concurrently with the adoption of the FY 2008/09 operating budget.

Citywide Goals and Objectives

In 2002, the City Council adopted a Strategic Plan that outlines a vision for the long-term future of Fremont and proposes strategies and short-term goals for achieving the vision. The Plan has three main purposes. First, it communicates the City's vision for the future to residents, businesses, and City employees. Second, it provides guidance so that decisions are good for today's challenges and good for the City in the future. Making decisions in the context of a shared vision developed through collaboration ensures broad commitment to the success of the plan. Finally, the Strategic Plan provides a sound framework for long-term departmental planning.

For budgeting purposes, the long-term desired outcomes and values outlined in the plan have been adapted as Citywide goals that support the City Council's vision. The goals are used as a framework for ensuring alignment of department special projects with the City Council's vision. This section of the budget document presents the City Council's vision and goals from the 2002 Strategic Plan. It also includes a matrix that illustrates the alignment of departmental special projects with Citywide goals. Special projects presented here may be abbreviated for format purposes. The full narrative text for each special project is displayed in the Departmental Budgets section of this document.

City Council's Vision

Fremont, in the year 2020, will be a globally-connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.

Citywide Goals

1. Strong community leadership

City Council, Boards, and Commissions work with the community to create the long-term vision for Fremont and provide policy direction and guidance to the City organization. The City Manager and staff carry out the long-term vision on a daily basis through a variety of services and activities.

2. A safe community

People value a feeling of safety and security within their community. In Fremont, residents work together and with City staff to prevent crime and solve problems in their neighborhoods.

3. A vibrant local economy

The local economy is comprised of a strong, diversified commercial and industrial base, providing high-quality employment for the region. It is balanced with a strong retail sector and healthy neighborhood commercial districts.

Summary Information | Citywide Goals and Objectives

4. Thoughtful, orderly use of land and protection of environmental resources

The City values a harmonious blend of natural and physical environments, with particular priority for preservation of open space, such as the hillface and bay wetlands. Thoughtful land use and conservation also protect people's social and financial investments in the community.

5. Safe and effective transportation systems

Quality of life is highly dependent on high quality transportation systems, which enable people to get around easily. Alternatives to automobile transportation, such as walking, cycling, and public transit are also valued.

6. Public facilities and programs for recreation

Public facilities provide individual and family entertainment, relaxation, and education. Fremont's public amenities include parks, community centers, historic estates, a golf course, and related programming.

7. Historic character

Preservation of historic properties, neighborhoods, and commercial districts enables the community to adapt to change and embrace a progressive future while remaining true to its heritage and historic character.

8. Building a caring community

Fremont is a community where members care for each other and value services that help families and individuals to live self-sufficiently with a respectable quality of life. The community values a range of housing opportunities balanced with employment opportunities to ensure that people who work in Fremont may also live here.

9. Strong families and healthy children

Fremont is proud of its identity as an excellent place for families and children. The City partners with the school district and other agencies and groups to foster growth in families and provide opportunities for youth development and community involvement.

10. Involvement of a diverse population


Fremont is an inclusive community that welcomes people of all ages, ethnicity, income, and background. The City believes that all segments of the population must be engaged and involved in making community decisions in order to ensure a high quality of life and effective democracy.

11. Effective and efficient city government

















The Fremont community wants honest, responsive city government serving the community's interests with progressive, equitable, and fiscally responsible service delivery.

Summary Information | Citywide Goals and Objectives

Special Projects Summary

	Strong community leadership		Historic character
	A safe community		Building a caring community
	Vibrant local economy		Strong families and healthy children
	Thoughtful, orderly use of land and protection of environmental resources		Involvement of a diverse population
	Safe and effective transportation systems		Effective and efficient city government
	Public facilities and programs for recreation		

FIRE DEPARTMENT:

- | | | |
|---|---|---|
| 1 Continue implementation of the Fire Bond (Measure R) projects, including fire stations and training centers. |  |  |
| 2 Contribute to the design and construction of Fire Station 11. |  |  |
| 3 Implement the Special Operations Task Force concept to ensure year-round, 24 hour readiness in responding to hazardous materials and rescue events. |  |  |
| 4 Purchase replacement cardiac monitor/defibrillators and automated external defibrillators (AED's). |  |  |
| 5 Complete development and implementation of a Pre-Plan Firefighting (PPFF) program to reduce loss and minimize risk and injury. |  |  |
| 6 Integrate CalEPA Aboveground Petroleum Storage Program into the existing CUPA administration, inspection, and enforcement efforts. |  |  |
| 7 Update the Fire and Life Safety Division's Guidance Documents and Standard Operating Procedures. |  |  |
| 8 Provide CPR education, training, and refresher courses to City employees in the use of AED's. |  |  |

HOUSING AND REDEVELOPMENT:

















- | | |
|---|---|
| 1 Recommend to the Agency Board a development plan for the Centerville Unified Site. |  |
| 2 Complete the construction of the Niles Town Plaza by fall 2009. |    |
| 3 Initiate the renovation of the Tri-City Volunteers building on Joseph Street. |  |
| 4 Continue to enter into Owner Participation Agreements to complete the Baine Street and Joseph Street sidewalk improvements. |  |
| 5 Continue the construction of the Bay Street Streetscape project and related Parking project. |   |
| 6 Continue the planning and redevelopment for Phase II of the former railyard site and other properties that frame the Niles Town Plaza. |  |
| 7 Continue ongoing efforts to implement the County's Every One Home Plan to end homelessness. |   |
| 8 Identify possible funding sources for affordable supportive housing opportunities, including modifications to the City's Inclusionary Housing Ordinances. |   |
| 9 Complete the Redevelopment Agency's Plan Amendment process to extend the Agency's ability to collect tax increment revenue. |   |

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.








Special Projects Summary

	Strong community leadership		Historic character
	A safe community		Building a caring community
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	Public facilities and programs for recreation		












HUMAN SERVICES DEPARTMENT:

- | | | |
|---|--|--|
| 1 Continue implementation of the Senior Mobile Mental Health Team program to address the needs of homebound seniors with mental illness. |  |  |
| 2 Implement the Individual Development Account program and increase financial literacy courses and counseling services. |  |  |
| 3 Expand membership of the FRC Community Advisory and Engagement Board to increase residents' awareness of services and improve service delivery. |  |   |
| 4 Promote an integrated system of services that supports the healthy development of infants and toddlers. |  |   |
| 5 Increase local accessibility to adolescent health, mental health, and drug treatment services through the Fremont Adolescent Student Health Initiative. |  |   |
| 6 Advocate for the Family Education and Resource Center to be sited at the FRC to serve family members of the severely mentally ill. |  |   |

PARKS AND RECREATION DEPARTMENT:

- | | | |
|--|---|--|
| 1 Continue collaboration to oversee completion of the construction of the Family Water Play Facility "Aqua Adventure" in Central Park. |  |  |
| 2 Replace six playgrounds to comply with current playground safety standards within the next two years. |  |  |
| 3 Install a concrete border and irrigation valves and heads, weed, and oversee around the poplar tree corridor in Central Park. |  | |
| 4 Convert high maintenance small turf strips to low maintenance materials to reduce ongoing maintenance costs. |  |  |

POLICE DEPARTMENT:

- | | | |
|---|---|--|
| 1 Focus on operational strategies intended to reduce the frequency of robberies involving weapons and physical force. |  | |
| 2 Expand responsibilities of members of the CARE volunteer unit to include community outreach efforts. |  |   |
| 3 Contribute to and participate in the construction of the police indoor firing range and multi-purpose room. |  | |
| 4 Implement the "Crime Free Program" in conjunction with other City departments. |  | |
| 5 Begin use of digital in-car video camera technology to enhance efficiency. |  |  |
| 6 Contribute to the construction phase of Fremont's new dog park with BART and City departments. |  | |
| 7 Offer the Animal Shelter's "Free to a Good Home" and Low Cost Spay/Neuter Programs. |  |  |







The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

Summary Information | Citywide Goals and Objectives



Special Projects Summary

	Strong community leadership		Historic character
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TRANSPORTATION AND OPERATIONS DEPARTMENT:

- 1 Update the Citywide travel demand model as part of the General Plan update. 
- 2 Continue to upgrade and install new building energy management systems at City facilities. 
- 3 Continue construction of the Washington Boulevard/Paseo Padre Parkway Grade Separation Project. 
- 4 Partner with departments to develop procedures and forms for procurement and disposition of building, fleet, and information technology equipment. 
- 5 Establish an automated chemical inventory and Material Safety Data Sheet (MSDS) management system. 
- 6 Implement the enhanced litter abatement program to comply with expanded NPDES stormwater permit requirements. 

ADMINISTRATIVE DEPARTMENTS:


















- 1 Facilitate major land use and economic development projects, including the baseball stadium/Ballpark Village proposed by the Oakland A's. 
- 2 Expand implementation of the organizational development program focusing on leadership and management training. 
- 3 Serve as central point of contact for the development of a City EOC at the Maintenance Center. 
- 4 Provide interdepartmental training on record retention processing requirements and issues. 
- 5 Review and update standard public works contract documents, including general conditions. 
- 6 Design and implement a Records Improvement Pilot Program. 
- 7 Implement improvements to the purchasing ordinance by clarifying change order processes and criteria for using State and other public agency contracts. 
- 8 In conjunction with the redesign of the City's website, continue to make documents available and more easily accessible online. 
- 9 Implement a banking services option to pay certain vendors using the bank's e-payables program. 
- 10 Continue to collaborate with the City Clerk's Office to improve document management efforts. 
- 11 Implement a web-based application for business license renewals. 
- 12 Partner with other departments to develop procedures and forms for the procurement and disposition of building, fleet, and IT equipment. 

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

Special Projects Summary

	Strong community leadership		Historic character
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ADMINISTRATIVE DEPARTMENTS (continued):

- | | |
|---|--|
| 13 Provide leadership to the Benefits Committee to evaluate current delivery of benefit programs. |  |
| 14 Develop and begin to implement a Citywide employment outreach program. |   |
| 15 Partner with Risk Management to design and implement a return to work program. |  |
| 16 Prepare requirements for an online land use/building permit application for the Community Development Department. |  |
| 17 Continue the restructure process for street address issuance to enable electronic exchange and increased efficiency. |  |
| 18 Install a replacement system for the current telephone notification system. |  |
| 19 Support the Police Department in the development and construction of a new training classroom. |  |
| 20 Provide support for the design and construction of remodeled fire stations and fire training classrooms. |   |
| 21 Lead the redesign of the City website and the City's Intranet site to improve ease of use, navigation, and maintenance. |  |
| 22 Develop a funding and deployment plan for an organization-wide upgrade to VoIP technology. |  |
| 23 Plan and begin implementation of virtual technology for more efficient server utilization and data storage. |  |
| 24 Design a new data center for the anticipated relocation of the ITS Department for better disaster recovery capabilities and energy efficiency. |  |
| 25 Provide support for the development of an EOC at the City's Maintenance Center. |   |
| 26 Support the establishment of an automated chemical inventory and MSDS system for the Transportation & Operations Department. |  |

The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

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General Fund

General Fund Summary

The General Fund is the City's primary operating fund. It accounts for the majority of financial resources and outlays for basic services such as police, fire, and maintenance, as well as the administrative systems required to support them. The fund also accounts for the City's discretionary funding sources (e.g., property tax, sales tax, vehicle license fees, franchise fees, and business license tax). As a rule, General Fund resources are used only to fund operations that do not have other dedicated (restricted) funding sources. Operations that rely heavily on non-General Fund resources, such as land development and recreation, are accounted for in other funds. Information on these operations may be found in the Other Funds section of this document.

Since mid-2001, the City's budgeting environment has been characterized by tremendous uncertainty. The recession in the high-tech sector of the economy and State resource takeaways caused a 10% decline in General Fund revenues between FY 2000/01 and FY 2003/04. Meanwhile, the demand for City services and the costs of providing them continue to increase. Because city governments can only spend available resources, these factors combined to prompt budget and staffing reductions of more than 20% since FY 2002/03. Budget reductions of this magnitude necessarily resulted in service reductions in all areas. In FY 2007/08, it looked as though revenues were beginning to recover, and some much-needed public safety positions were added. Those revenue recoveries, however, were short-lived, and the local, State, and national economies are now feeling the effects of the national mortgage crisis. Foreclosure rates are increasing as further adjustable rate mortgage resets occur, and the last wave of the sub-prime mortgage fallout will continue to affect FY 2008/09. The Budget Overview section of this document provides more information on the recent challenges facing not only Fremont, but the nation as a whole. This section provides information on the FY 2008/09 General Fund budget, including budget assumptions, expenditure and revenue highlights, transfers to other funds, reserve funds, and the financial forecast.

The FY 2008/09 budget displayed in the table on the next page demonstrates the City's transition during these challenging economic times. The costs of services in FY 2007/08 are expected to exceed available revenues. In light of the slow growth the City is seeing, the cost of providing services is projected to continue to exceed ongoing revenues in both FY 2008/09 and FY 2009/10. In addition, the prolonged economic downturn and the State's continued inability to balance its own budget pose significant challenges to this outlook. The State Legislative Analyst does not anticipate a resolution to the State's budget challenges and, in fact, sees them worsening if fundamental changes aren't made. Although the passage of Proposition 1A precluded the State from looking to cities to help balance its budget for FY 2007/08, under certain conditions the State can once again take money from cities beginning in FY 2008/09. For these reasons, the City is not adding funding for any new General Fund positions to the budget, and is relying on a combination of undesignated fund balance and use of the Budget Uncertainty Reserve to balance the FY 2008/09 budget.

General Fund | General Fund Summary

General Fund

(Thousands of Dollars)	General Fund	Contingency Reserve	Program Investment Reserve	Budget Uncertainty Reserve	Eliminating Internal Transfers	Total General Fund
Revenues:						
Intergovernmental:						
Property Taxes	\$ 46,464	\$ -	\$ -	\$ -	\$ -	\$ 46,464
Property Taxes (VLF Replacement)	15,581	-	-	-	-	15,581
Triple Flip - Sales Tax Replacement	9,240	-	-	-	-	9,240
Sales & Use Taxes	28,220	-	-	-	-	28,220
Vehicle License Fees	1,106	-	-	-	-	1,106
Other Intergovernmental	812	-	-	-	-	812
Business License Taxes	7,337	-	-	-	-	7,337
Hotel/Motel Taxes	3,609	-	-	-	-	3,609
Property Transfer Taxes	1,346	-	-	-	-	1,346
Franchise Fees	8,362	-	-	-	-	8,362
Charges for Services	4,860	-	-	-	-	4,860
Fines	2,588	-	-	-	-	2,588
Investment Earnings	2,408	-	-	-	-	2,408
Paramedic Fees	1,175	-	-	-	-	1,175
Other Revenues	955	-	-	-	-	955
Total Revenues	134,063	-	-	-	-	134,063
Total Transfers In	6,618	501	100	-	(601)	6,618
Resources Available:						
(Revenues plus Total Transfers In)	140,681	501	100	-	(601)	140,681
Expenditures						
General Government	12,252	-	-	-	-	12,252
Police	56,061	-	-	-	-	56,061
Fire	32,447	-	-	-	-	32,447
Transportation and Operations	16,440	-	-	-	-	16,440
Community Development:						
Planning	-	-	-	-	-	-
Building & Safety	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Community Preservation	746	-	-	-	-	746
Housing and Redevelopment	-	-	-	-	-	-
Human Services	3,789	-	-	-	-	3,789
Parks and Recreation	5,123	-	-	-	-	5,123
Non-departmental	3,802	-	-	-	-	3,802
Less: Citywide Savings	(1,500)	-	-	-	-	(1,500)
TRANS Debt Costs	790	-	-	-	-	790
Total Expenditures	129,950	-	-	-	-	129,950
Total Transfers Out	17,065	-	-	-	(601)	16,464
Resources Used:						
(Expenditures plus Operating Transfers Out)	147,015	-	-	-	(601)	146,414
Net Results of Operations:						
(Resources Available less Resources Used)	(6,334)	501	100	-	-	(5,733)
Use of Budget Uncertainty Reserve	4,091	-	-	(4,091)	-	-
Beginning Fund Balance - 6/30/08 (est.)	2,243	17,801	3,560	11,153	n/a	34,757
Fund Balance - 6/30/09 (est.)	\$ -	\$ 18,302	\$ 3,660	\$ 7,062	n/a	\$ 29,024

NOTE: 1) The only General Fund costs displayed in this chart for Community Development are for Community Preservation. Other department costs are displayed in the Other Funds section of this document. 2) Recreation activities are funded in the Recreation Cost Center with a combination of General Fund and fee revenues. Department costs can be found in the Cost Center/Internal Service section of this document. 3) The amounts represented under General Fund for Transportation & Operations and Parks & Recreation are for Maintenance Division's General Fund expenditures only.

Budget Assumptions

In addition to the general assumptions of continued revenue volatility and State budget instability, the FY 2008/09 budget is premised upon the following specific assumptions:

- 1. The local economy will continue to grow modestly during FY 2008/09, enabling ongoing General Fund resources to increase by approximately 4%.**

Ongoing resources reflect the revenue “base” that continues from year to year, excluding one-time resources and losses. The growth is attributable primarily to the modest growth in property tax revenues and modest growth in the sales tax base, charges for services, and hotel/motel taxes.

- 2. City efforts at managing through the downturn now mean that a target reduction of 1% of expenditures that was implemented in December 2007 will continue through FY 2008/09 and FY2009/10.**

Although some public safety positions were added in FY 2007/08, some of the positions are being held vacant. Current revenue projections suggest that the economic slowdown will continue, due to the direct impacts of the sub-prime mortgage crisis and the indirect impacts on sales tax revenues. Staff took action after the first quarter of FY 2007/08 to reduce \$1.3 million (1%) in General Fund expenditures in order to avoid future staff reductions. Actions taken to achieve this target reduction are carried through the next two fiscal years. The effects of the current mortgage crisis on the housing market and unknown future State actions bear watching and may cause staff to return to Council with budget modifications during FY 2008/09.

- 3. In addition to the 1% cost reduction target, total expenditures in the FY 2008/09 budget and the forecast for FY 2009/10 include a savings assumption of \$1.5 million per year (approximately 1.0% of total budgeted expenditures and transfers out in FY 2008/09) to compensate for the historical tendency to under-spend total resources allocated.**

Despite consecutive years of budget reductions, managers continue to hold positions vacant and restrain operational costs wherever possible. Consequently, the City’s actual expenditure totals each year are consistently at least \$1 million less than budgeted. Building an assumption for savings into the budget helps to ensure that projections for year-end results are more accurate from the outset than they might otherwise be. For FY 2008/09, this assumption has been increased to \$1.5 million, to reflect the savings anticipated from Maintenance, which has now been folded into the General Fund.

- 4. The FY 2008/09 budget does not include any prefunding of the City’s other post-employment benefit (OPEB) liabilities, nor does it include any contribution for the Capitol Avenue project.**

As part of the savings strategy implemented in December 2007, the City Council approved not proceeding with the transfer to begin prefunding the City’s OPEB liability (approved as a contingent item in the FY 2007/08 budget, based on favorable revenue results which did not materialize). In

addition, the Council also cancelled the \$1 million contribution to the CIP for the Capitol Avenue project. Both of those items continue to not be funded in FY 2008/09. They begin to be funded again in FY 2009/10.

5. The City will prepay its FY 2008/09 employer contribution to CalPERS, resulting in an estimated savings to the General Fund of \$700,000.

FY 2008/09 will be the first year the City will take advantage of a program with CalPERS to prepay the City's employer contribution in July 2008 for the entire fiscal year. The difference between the actuarially estimated payments throughout the year and the prepayment amount is \$700,000. This is possible because CalPERS will have the City's money longer and can invest it at an actuarially estimated rate of return of 7.75% (historically, CalPERS's actual rate of return has been higher than their estimate). In contrast, at the end of April 2008, the City's rate of return on its investments was 4.99%, and the State Local Agency Investment Fund (LAIF) was earning 5.23%. CalPERS is able to achieve a higher rate of return because they are much larger, their investment portfolio is highly diversified, and they can invest in instruments that local agencies cannot because of State law.

6. The costs of the FY 2008/09 budget will exceed projected revenues, requiring the use of all undesignated fund balance and a portion of the City's Budget Uncertainty Reserve to balance the budget.

Instead of spending all of the revenue received during the "boom" years of the late 1990s, the City set aside a portion of annual revenues in its General Fund fund balance for use in future years. Since the City began cutting the budget in FY 2002/03, it has metered in fund balance annually as a resource to smooth the transition to a lower revenue base. In FY 2008/09, the City is fortunate to have a cushion of fund balance to absorb a portion of the \$6.3 million shortfall in revenues resulting from the gap between ongoing costs and the slowdown in revenue growth the City is currently experiencing. The use of \$2.2 million in fund balance and \$4.1 million from the Budget Uncertainty Reserve allows the City to bridge the gap during these challenging times until the economy begins to turn around again, which, according to many economists, is anticipated to occur sometime in FY 2009/10.

7. The budget assumes a structural change beginning in FY 2008/09 to move Maintenance activities out of a separate fund (Fund 500) and back into the General Fund.

In the 1990s, Maintenance activities were moved out of the General Fund and into a separate fund. This allowed the costs of Maintenance activities, funded from a variety of sources in addition to the General Fund, to be accumulated in one place. As times and the organization have changed, staff now believes management and funding of the Maintenance function will be simplified if Maintenance activities are once again included within the General Fund, which is the primary funding source for these activities. Other funding sources, such as Gas Tax, will still continue to fund appropriate Maintenance activities. This change does not affect the General Fund in total, but it does increase the amount of departmental appropriations and decrease the amount of transfers out to other funds.

8. The General Fund's primary reserves, totaling 15% of total expenditures and transfers in, will remain unused for FY 2008/09.

The City maintains two General Fund reserves whose funding is linked to total budgeted expenditures and transfers out: the Contingency Reserve and the Program Investment Reserve. Balances and potential use of the Contingency Reserve and the Program Investment Reserve are governed by City Council policies adopted with the FY 1996/97 budget. The Contingency Reserve is intended to mitigate the effects of natural disasters or other severe unforeseen events, as well as providing back-up liquidity to the Risk Management Fund, and is to be maintained at 12.5% of total operating expenditures and transfers out. The Program Investment Reserve is available to provide seed funding for new initiatives that will generate ongoing external revenues; it is to be maintained at 2.5% of total operating expenditures and transfers out. Because the conditions for using these resources are not anticipated to be present during FY 2008/09, these reserve balances are expected to remain intact.

9. The budget contains no provision for future State resource takeaways. The City will respond to takeaways when the amount and timing of takeaways are confirmed by State legislative action.

The State continues to face a multi-billion dollar deficit in FY 2007/08 and beyond. In 2004, voters approved Proposition 1A, which ostensibly provides protection for local revenues. In reality, however, it only clarifies the rules by which the State may take local revenues. For example, the State is no longer allowed to take local revenues unless it has paid back funds previously taken. While Proposition 1A provides limited protection from State takeaways, a permanent solution to the State's problem will likely involve taking some amount of City revenue.

Further takeaways will be catastrophic for public safety, public facilities, and other services. The State's structural budget gap remains, leaving local governments vulnerable to additional State takeaways beginning in FY 2008/09. This is the first year, under the rules of Proposition 1A, that the State can once again turn to cities to help balance its budget. Although the Governor has suggested certain actions for resolving the State's budget deficit and the Legislative Analyst's Office has also made certain alternate proposals, it is likely that possible reductions to City revenues will not be known until after the City's budget is adopted. Because it is difficult to predict when, and if, the State will take additional local government revenues, the budget does not assume a specific amount of revenue that will be lost to the State, thereby minimizing the risks associated with cutting services too far in anticipation of State cuts that may not materialize. If it appears the State is considering additional takeaways from cities, staff will develop contingency plans so that the City may quickly respond to State actions. To support this assumption, the budget contains a Budget Uncertainty Reserve that could be used to forestall the need for immediate service cuts.

Resources

General Fund resources include revenues, transfers into the General Fund from other funds, and undesignated fund balance. Total budgeted resources will be adequate to support total budgeted

General Fund | General Fund Summary

expenditures of \$147.0 million, so the budget is considered balanced. However, when one-time sources (i.e., fund balance and reserves) are excluded, the sum of ongoing revenues, highlighted in Table #1, plus recurring transfers in from other funds, falls short of covering the service costs by \$7.3 million. Bridging the gap will require spending all of the expected \$2.2 million of undesignated fund balance, as well as use of a portion of the Budget Uncertainty Reserve, in the amount of \$4.1 million, in addition to \$1.0 million in fund balance transferred back to the General Fund from the Maintenance Fund as a result of folding Maintenance back into the General Fund.

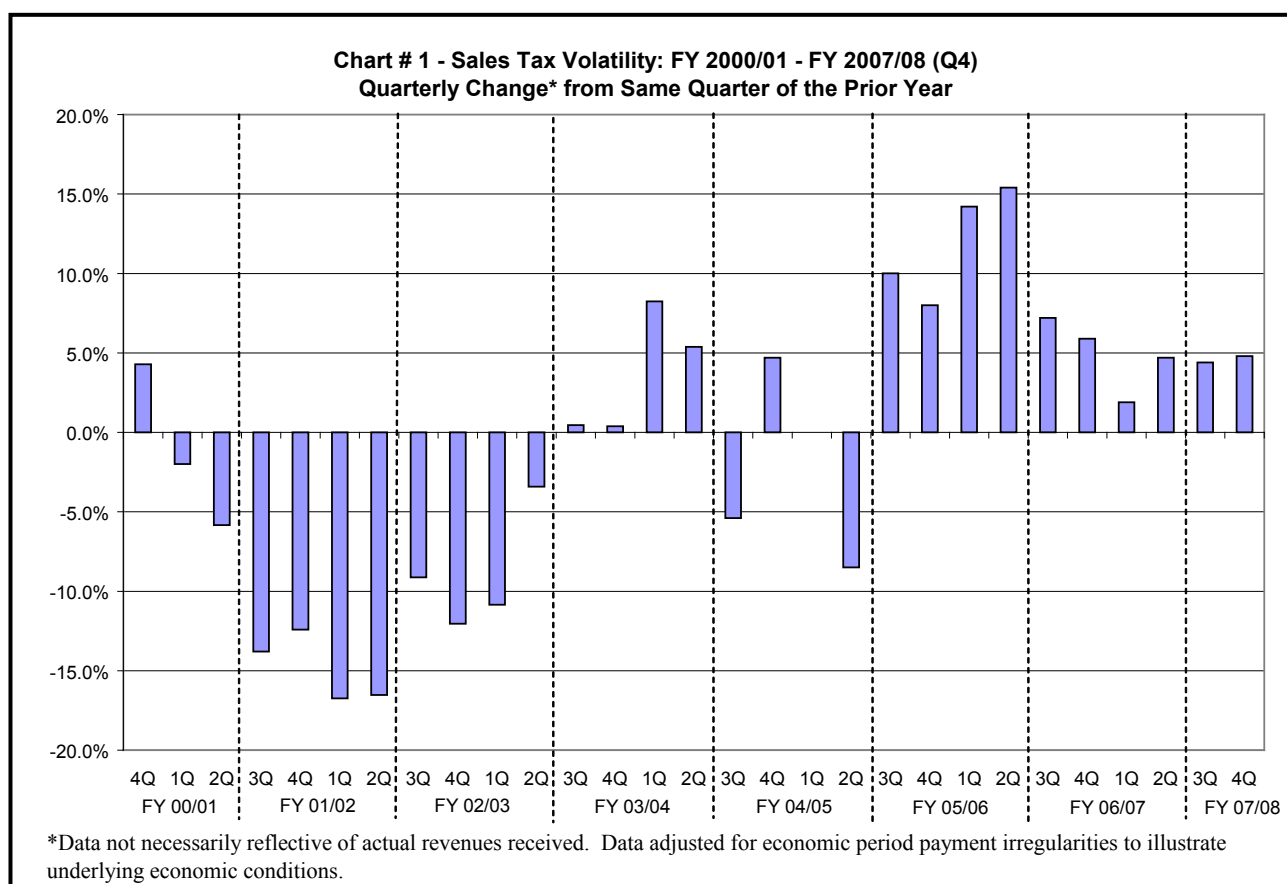
Table #1: Change in General Fund Resources
FY 2007/08 to FY 2008/09 (\$ millions)

<u>Revenues</u>	<u>FY 2007/08 Est.</u>	<u>FY 2008/09 Budget</u>	<u>Difference</u>
Property taxes	\$44.9	\$46.5	\$1.6
Property taxes -- VLF replacement	14.6	15.6	1.0
Sales and use taxes	27.0	28.2	1.2
"Triple flip" sales tax replacement	8.9	9.2	0.3
Vehicle license fees (VLF)	1.1	1.1	0.0
Business license taxes	7.5	7.3	(0.2)
Franchise fees	8.0	8.4	0.4
Hotel/motel taxes	3.2	3.6	0.4
Investment earnings	2.4	2.4	0.0
Other revenues	10.9	11.8	0.9
Ongoing revenues subtotal	128.5	134.1	5.6
Recurring transfers from other funds	7.4	5.6	(1.8)
<u>One-time items</u>			
One-time transfer in from Maintenance	0.0	1.0	1.0
Use of undesignated fund balance	4.6	2.2	(2.4)
Use of Budget Uncertainty Reserve	0.0	4.1	4.1
Total Budgeted Resources	\$140.5	\$147.0	\$6.5

Property taxes are projected to remain the City's largest revenue source in FY 2008/09. Despite the decline in other major revenues since the peak year of FY 2000/01, property tax revenues remained strong through FY 2006/07. Residential property values comprise two-thirds of Fremont's property tax base. Relatively low mortgage interest rates and high demand for real estate continued to drive residential property values higher through FY 2006/07. However, in FY 2007/08, the fallout of the sub-prime mortgage crisis began to take effect on a larger scale and affected Fremont with respect to countywide delinquencies and fewer sales transactions. Property tax revenue in FY 2007/08 is estimated to increase by 3.5% over the prior year. Revenue the City will receive in FY 2008/09 is based on property assessed valuation as of January 1, 2008, and reflects continued valuation strength,

although the market has slowed down. The slow growth trend is expected to continue through FY 2008/09. Therefore, property tax revenues are projected to grow in FY 2008/09 to \$46.5 million. Staff will continue to monitor the real estate market. The effects of the continuation of the cooling trend in transaction volume will temper staff's outlook for FY 2009/10.

Along with the slowdown in property tax revenue growth, sales tax trends are emblematic of the City's revenue volatility. After reaching a high point of \$33.2 million in FY 2000/01, sales tax revenue endured a multi-year decline to a low point of \$26.8 million in FY 2003/04. The steep drop was caused by the collapse of the Silicon Valley technology market and Fremont's reliance on sales tax from high-tech manufacturers. Sales tax from the high-tech sector now appears to be stabilizing. In addition, the City's efforts to diversify and strengthen the sales tax base by increasing the consumer retail sales and auto sales tax bases continue to pay off. While the receipts from recent quarters are encouraging, Chart #1 illustrates the volatility that complicates forecasting efforts. Although the past few quarters have been encouraging, staff is mindful of how quickly sales tax revenues can fall away, and cautious concerning possible further reductions in consumer spending in the near term. Therefore, the revenue projections assume that sales tax revenue will grow more modestly for FY 2008/09.



The City's sales tax revenue now comes to the City in two parts: 75% from the traditional share of the sales tax paid on consumer purchases, and 25% from the "triple flip" property tax replacement revenue. The "triple flip" refers to the State's mechanism for financing its 2004 Economic Recovery

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Bonds, whereby the State receives 25% of cities' sales tax revenue in exchange for an equal amount of additional property tax. The amount of property tax replacement revenue is equal to 25% of "regular" sales tax revenue generated in the prior fiscal year.

Vehicle license fee (VLF) revenues also come to the City in two parts. The first part, VLF paid by motorists, remains at one-third of historical levels and is allocated statewide based on population. In addition, legislation that distributes this revenue source to a larger number of cities, including newly-incorporated cities and cities with recent annexations, has reduced this portion for FY 2007/08. Further reductions are anticipated in FY 2008/09, and are not expected to begin growing until the new base value settles out sometime in 2009. The second part is in the form of additional property tax. Instead of receiving backfill for the remaining two-thirds directly from the State General Fund, as was the case for several years, local governments now receive additional property tax revenue. The amount received is based on the City's growth in assessed property valuation in the prior fiscal year. The total from both components is projected to grow from \$15.7 million in FY 2007/08 to \$16.7 million in FY 2008/09.

Hotel/motel tax revenues were rocked by the Silicon Valley recession. While not the City's largest revenue source, hotel/motel taxes declined by the largest percentage, a staggering 60%, between FY 2000/01 and FY 2003/04. This decline is the most striking, and perhaps most symbolic, example of revenue volatility stemming from the downturn in the economy during the "dot-com" bust. Between FY 1998/99 and FY 1999/00, hotel/motel tax revenue nearly doubled, growing to \$4.3 million in FY 2000/01. Five years after the sharp drop, staff believes the hotel market may have stabilized. Despite the downturn in other areas of the economy, receipts from this revenue source are continuing to grow. Monthly receipts through March 2008 show approximately 13% revenue growth from the same period of 2007. The FY 2008/09 projection is for 12% growth, which would yield \$3.6 million in revenue.

Business license taxes remain relatively stable, with variations up or down each year based on the economic climate, business activity, and staff's collection efforts. Business license taxes are projected to yield \$7.5 million in FY 2007/08, and \$7.3 million in FY 2008/09. The single year spike in FY 2007/08 is due to the collection of prior year taxes resulting from special enforcement projects in FY 2007/08. Reducing those one-time prior year collections to return to an ongoing average base year in FY 2008/09 provides a better estimate for this revenue source.

The City levies franchise fees on providers of electricity, natural gas, residential garbage and recycling, and cable television services. Franchise fee revenues are based on franchisee gross revenues, which are largely a function of rates and customer usage. Electricity and gas franchise fees are the most volatile, and have the largest effects on City revenues. In recent years, garbage and recycling fee revenues have begun to show some volatility as endeavors to increase recycling efforts have reduced the amount of garbage collected, resulting in lower revenues. This volatility is expected to continue with further efforts to increase recycling and reduce waste in the future. Overall, increases in customer rates and growth in number of customers for most franchise fee revenue sources result in a revenue projection of \$8.4 million for FY 2008/09.

Table #1 includes a line for “other revenues,” which contains charges for services, law enforcement fines, paramedic tax, property transfer tax, and State reimbursements for mandated services. With the exception of charges for services and State mandated reimbursements, the revenues in this category are each projected to grow modestly, resulting in a \$0.9 million increase. Charges for services are increasing by \$0.6 million. Most of this increase (\$0.4 million) is due to revenue from charges for Maintenance activities that were previously accounted for in the Maintenance fund and, therefore, is not new revenue to the City. State reimbursements for mandated services are anticipated to remain at a low level, at least for the next fiscal year. The State reimburses cities for these costs as it has money to do so. As a result, even though the City has a receivable due from the State for these costs of \$1 million, it is very difficult to predict when or if that reimbursement will be received.

The General Fund receives transfers from other funds for general government services (such as human resources, finance, and legal assistance) provided to operations funded outside the General Fund (such as development services and recreation services). Charges are based on the non-General Fund operation’s proportional share of the total operating budget expenditures and transfers out. This proportional share of the total budget is the share of general government service costs allocated. In FY 2007/08, transfers in from other funds are projected to be \$7.4 million. Based on budgeted expenditures, transfers in are expected to total \$5.6 million in FY 2008/09. The significant decrease in FY 2008/09 is due to the structural changes related to moving Maintenance out of a separate fund and into the General Fund beginning in FY 2008/09.

There are three one-time items proposed to help balance the budget in FY 2008/09. One is the transfer back to the General Fund of \$1.0 million in fund balance as a result of folding Maintenance back into the General Fund and closing the separate fund that had been used to account for Maintenance activities.

Undesignated fund balance is another resource available to balance the budget. If, in a given year, total resources available exceed total uses, the “surplus” increases fund balance. Fund balance has been a crucial resource for cushioning the City’s transition to a lower revenue base in recent years. Instead of spending all of the revenue received during the “boom” years of the late 1990s, the City set aside a portion of annual revenues in fund balance for use in future years. When revenues dropped suddenly during FY 2001/02 and the City anticipated a year-end budget shortfall, the City used \$10 million of fund balance to balance the budget.

The City is expecting to use \$4.6 million of its fund balance in FY 2007/08. This will result in undesignated fund balance of \$2.2 million with which to begin FY 2008/09. This \$2.2 million balance is expected to be used to help balance the budget in FY 2008/09, and the remaining shortfall is proposed to be covered by using \$4.1 million of the City’s Budget Uncertainty Reserve.

Expenditures

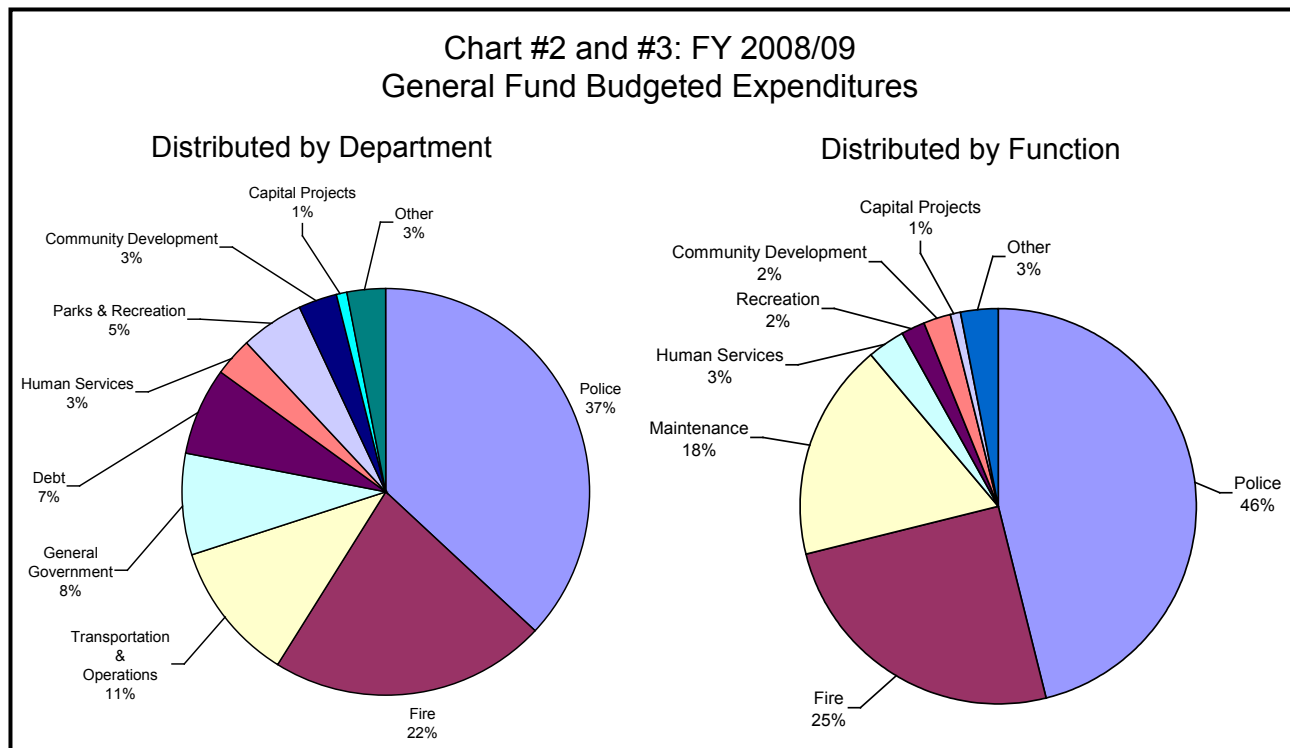
Although the City was able to add some public safety positions, due in part to a Homeland Security grant, to the budget in FY 2007/08, the continuing concern about potential State budget cuts and slower revenue growth related to the slowdown in the economy and the sub-prime mortgage crisis means that it will not be possible to add any significant staffing in FY 2008/09. In fact, concerns about further

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possible revenue declines have prompted the City to continue in FY 2008/09 a 1% savings target in the General Fund that was originally imposed in December 2007. In addition, certain vacant positions are not being filled in an effort to save money wherever possible. The impact of these unfilled positions reaches throughout the organization, not just General Fund departments. Staff will continue to keep expenses down wherever possible; however, this means that citizens may again experience further service reductions because of the reduced workforce.

FY 2008/09 budgeted expenditures and transfers to other funds total \$147.0 million. As displayed in Chart #2 below, the budget maintains the City Council's long-time funding priorities by allocating 75% of the budget to direct costs for public safety and maintenance. As Chart #3 shows, the share of General Fund resources budgeted for these purposes is actually 89% when overhead costs required to support these functions are allocated. The FY 2008/09 budget continues the same level of staffing as the prior year, although some positions are being held vacant and not funded to achieve the targeted reduction referred to earlier.

The \$147.0 million budgeted for expenditures and transfers out in FY 2008/09 is 4.5% higher than in FY 2007/08. The budget includes cost increases attributable to rising costs of maintaining the balance of the existing, reduced, service base. Like all businesses, the City must cope with rising costs for everything from service contracts and utilities to employee salaries and health care.



Basic City services, such as police, fire, and maintenance, are labor-intensive. Therefore, the City's budget is largely driven by labor-related costs, including salaries, health benefits, and retirement system contributions. These costs comprise 75% of the FY 2008/09 budgeted expenditures (excluding transfers out to other funds), or \$97.8 million.

Risk management costs, specifically workers' compensation and general liability, are increasing by 4% in FY 2008/09. This is also the same level of increase for vehicle replacement and information technology services. All of these cost increases for FY 2008/09 are routine and linked to assumptions for general consumer inflation. The budget for materials, supplies, and other non-staffing items is increasing by 2%.

Transfers Out to Other Funds

In addition to direct expenditures, the General Fund transfers resources to other funds to support activities that cannot be supported through fees, grants, or charges for service. These activities range from capital projects and debt service, to cost center operations and reserve accounts with specific purposes.

In previous years, the Maintenance Divisions in both the Transportation and Operations Department and the Parks and Recreation Department were funded primarily by a transfer out of the General Fund to the Maintenance Fund. Beginning in FY 2008/09, the Maintenance Divisions will be moved back into the General Fund. As a result, there will no longer be a transfer out to Maintenance because these activities will be budgeted and funded directly in the General Fund. This change does not affect the General Fund in total, but it does increase the amount of departmental appropriations and decrease the amount of transfers out to other funds.

Transfers to cost centers, which are enterprise-like mechanisms for funding the Community Development, Recreation, and Senior Center functions, are increasing to \$5.7 million. These transfers fund activities in the cost centers that cannot be supported by fees or charges for services.

The transfer for debt service on the City's outstanding capital debt is increasing by \$1.6 million. This increase is attributable to the way in which bond covenants require the City to budget for debt service on its variable rate debt (generally, 1% above the highest interest rate of the prior year). This increase is not unexpected, given the rising interest rates of the past year. However, this is a "worst-case" scenario because experience has shown that actual debt service costs are generally less than this amount.

The General Fund contains three reserves that may be funded with annual transfers from the General Fund:

- the Contingency Reserve, which is intended to help mitigate the effects of natural disasters and severe, unforeseen events;
- the Program Investment Reserve, which provides a source of working capital for new initiatives that have the potential to generate significant funding from external sources; and

General Fund | General Fund Summary

- the Budget Uncertainty Reserve, which is intended to offset quantifiable revenue uncertainty in the budget.

Table #2 summarizes the FY 2008/09 projected funding levels for each reserve. Funding levels for the Contingency Reserve and the Program Investment Reserve are based on the amount of total expenditures and transfers out budgeted each year (12.5% and 2.5%, respectively). Based on the adopted budget for expenditures and transfers out, the transfer to these reserves will total \$601,000 in FY 2008/09. As the table below illustrates, the two primary General Fund reserves (Contingency Reserve and Program Investment Reserve) are increasing from \$21.4 million to \$22.0 million to keep their balances in compliance with City Council reserve policies (which may be found in the Policies and Glossary section of this document). The Budget Uncertainty Reserve level does not have a targeted funding level, so there is no required contribution in FY 2008/09.

Table #2: General Fund Reserves

	FY 2007/08 est. balance (\$ millions)	FY 2008/09 transfer (\$ millions)	FY 2008/09 projected use (\$ millions)	FY 2008/09 balance (\$ millions)
Contingency Reserve	\$17.8	\$0.5	\$0.0	\$18.3
Program Investment Reserve	3.6	0.1	0.0	3.7
Budget Uncertainty Reserve	11.2	0.0	(4.1)	7.1
Total General Fund Reserves	\$32.6	\$0.6	(\$4.1)	\$29.1

The FY 2008/09 budget does not anticipate the need to spend the City's two primary reserves. However, experience since FY 2001/02 has reminded the City how quickly the economy can change or the State can take City revenues to solve its problems. Related budget experience has further shown how quickly one-time resources (fund balance, for example) can be consumed in response to sudden revenue losses. With these lessons in mind, the City is reluctant to spend reserves because they are one-time resources, and once they are spent, they are gone. However, for FY 2008/09, the City is anticipating use of \$4.1 million of the Budget Uncertainty Reserve as a bridging strategy until such time as more information is available about the State budget and economic recovery. (Many economists are predicting that the latter will occur in mid- to late FY 2009/10.)

Financial Forecast

The financial forecast is a planning tool that helps staff identify important trends and anticipate the longer-term consequences of budget decisions. While not perfect, the forecast tools have been instrumental in modeling the effects of such recent budget issues as rising retirement system costs, the short- and long-term consequences of issuing variable rate debt, and potential scenarios of future revenue performance. The ability to model cost and revenue trends beyond the next budget year helps the City make proactive budget decisions early in an economic cycle, such as the recent economic downturn.

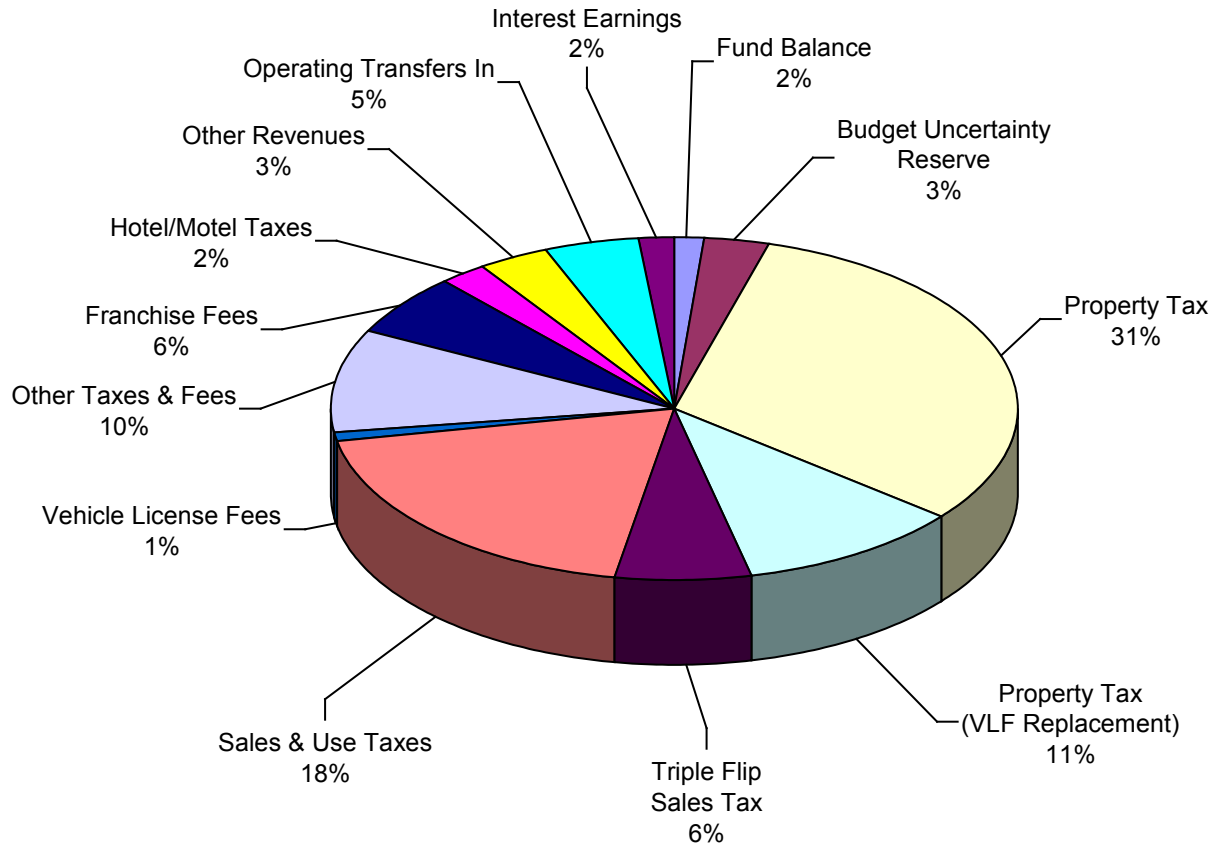
The forecast is not a plan, but a model based on cost and revenue assumptions that are updated regularly as new information becomes available. Of these components, future cost projections, based on known costs, are relatively reliable. Revenue forecasts, on the other hand, are based on assumptions related to future economic conditions, which are fraught with uncertainty. Economic forecasts in financial markets and the media swing from optimistic to pessimistic on a seemingly weekly basis, and demonstrate the perils of committing to a particular prediction of the future. For this reason, the forecast is updated regularly, and is the subject of periodic City Council discussion.

Key forecast assumptions are as follows:

- While Proposition 1A, passed by California voters in 2004, provides limited protection for local revenues, potential State revenue takeaways are not predictable enough to warrant modeling, and are not included in the forecast. The State can once again take money from local government to balance its own budget beginning in FY 2008/09. Given the magnitude of the State's financial problems, staff is concerned that cities will once again be part of the State's budget solution. However, all indications point to no resolution of the State budget until late summer or early fall 2008.
- Most of the service reductions and corresponding budget reductions implemented in prior years remain in place for the forecast period, with the exception of the new public safety staffing that was added in FY 2007/08. However, many positions (including some of the newly added public safety positions) are being held vacant until such time as the City's revenue situation improves.
- Commitments for fund transfers contained in the proposed FY 2007/08 – FY 2011/12 CIP are included, with the exception of \$1.0 million for the Capitol Avenue project, which is not included for FY 2008/09 and included only partially in FY 2009/10.
- Commitments for all known and anticipated debt service costs are included.

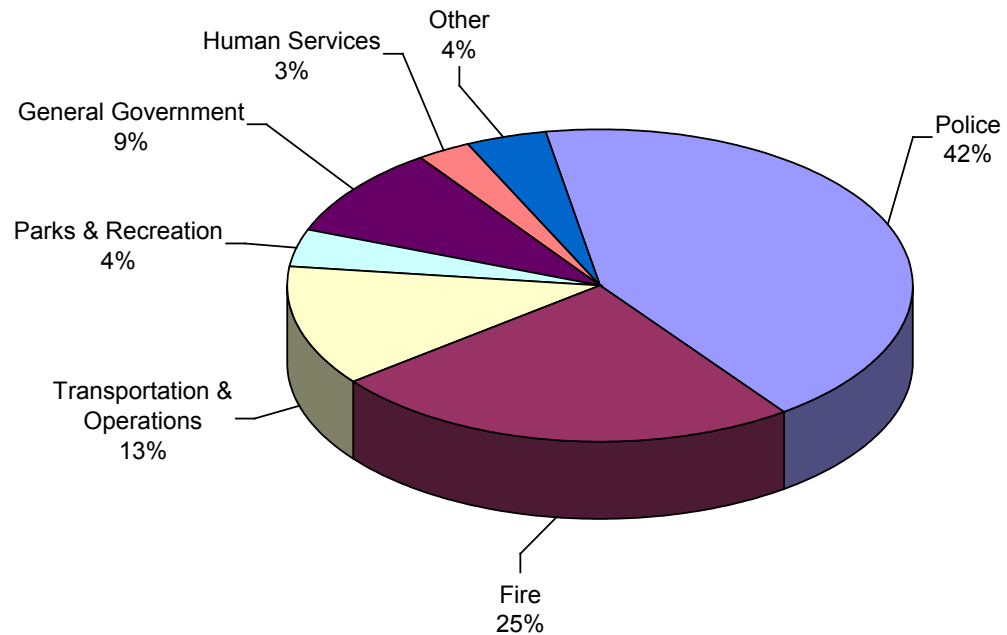
The financial forecast is located on page 70 of the budget document. Projected costs exceed projected resources (excluding fund balance and reserves) in FY 2008/09 and, to a lesser extent, in FY 2009/10. Staff will monitor budget performance, including the effects of any proposed State actions, closely and will return to Council with budget modifications as warranted.

**General Fund Available Resources
Fiscal Year 2008/09: \$147,015,000**

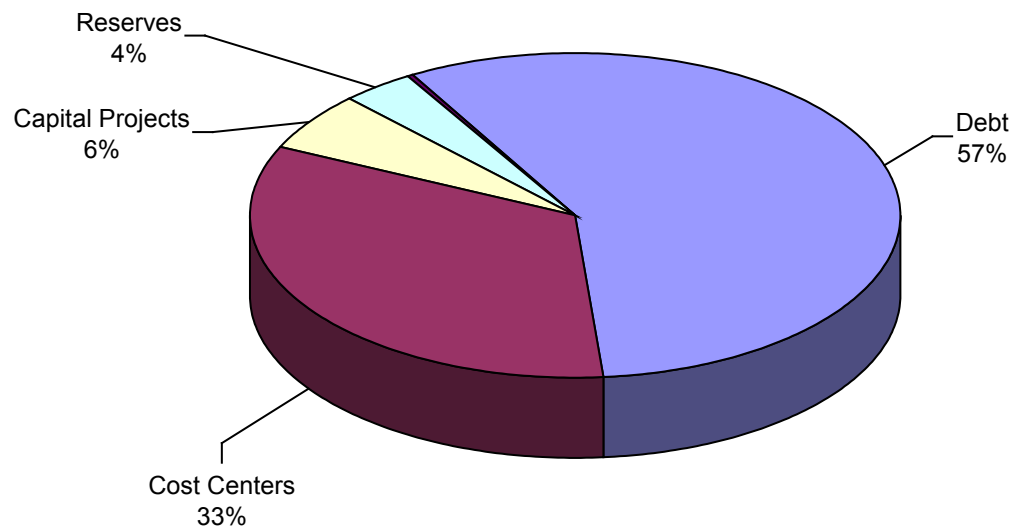


General Fund Allocation of Resources

General Fund Expenditures Fiscal Year 2008/09: \$129,950,000



General Fund Transfers Out Fiscal Year 2008/09: \$17,065,000



Non-Departmental Budget

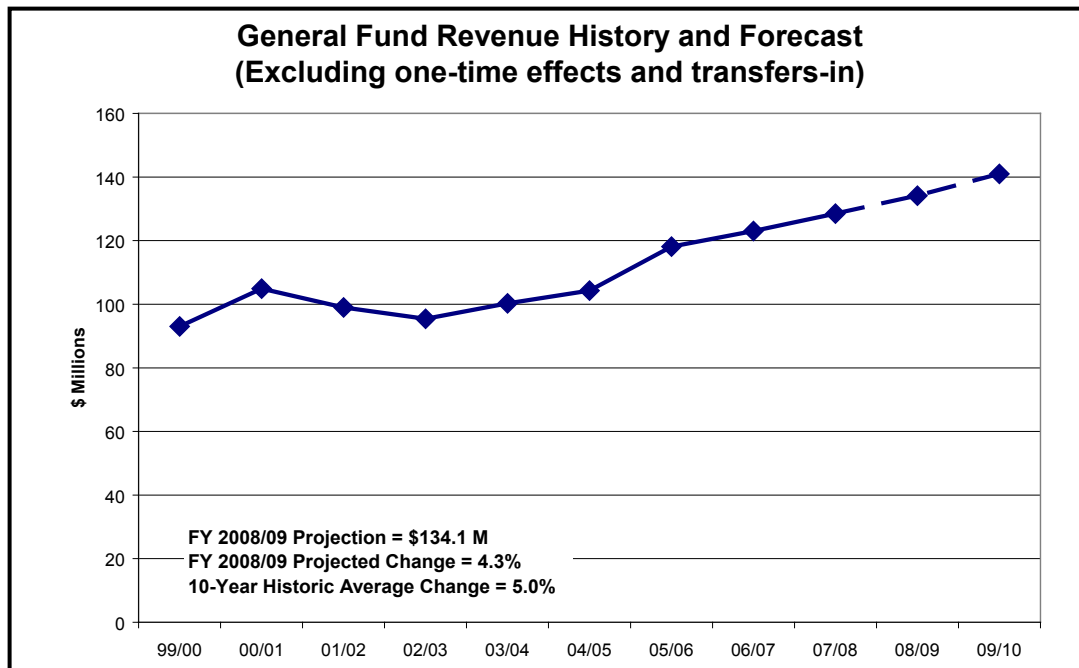
General Fund appropriations not directly associated with specific departments are classified as “non-departmental.” Expenditures and certain types of anticipated general savings that are not identified with or allocated to individual departments are included in the non-departmental budget.

Budgeted Expenditures	
• Annual Operating Contingency Account	\$ 850,000
• Employee Leave Cash-Out	1,000,000
• Property Tax Administration Fee and Revenue Audit Fees	470,000
• Miscellaneous and Debt Services Fees	325,000
• One-time Equipment Purchases	750,000
• Elections	150,000
• Other Non-Departmental	<u>257,000</u>
Non-Departmental Budget	<u><u>\$3,802,000</u></u>

General Fund Revenues Overview

Total FY 2008/09 General Fund estimated revenues (excluding transfers from other funds, fund balance, and reserves) are \$134.1 million, which is \$5.5 million, or 4.3%, more than total estimated revenues for FY 2007/08. Seventy-six percent of the City's revenue is controlled by the State, including property tax, sales tax, and vehicle license fees, all of which the State has manipulated in recent years.

After steep declines in City revenues between FY 2000/01 and FY 2002/03, the City's revenue base and its local economy began to show signs of revival in FY 2005/06. However, the continued concerns caused by both the unpredictable economy and the housing downturn, and the State's continuing budget problems, came to fruition in FY 2007/08. The brief signs of improvement were quickly followed with another period of slowing growth, which is continuing to affect the City's ability to maintain its service levels.



The City, the State of California, and much of the nation are now feeling the fallout from the sub-prime mortgage crisis. The State has not yet begun serious deliberations on its own budget problems, and so staff will continue to be cautious and concerned for the foreseeable future. The State is not expected to adopt a budget before late summer or early fall 2008. As for the economy, many economists are expecting recovery to begin to occur sometime in FY 2009/10.

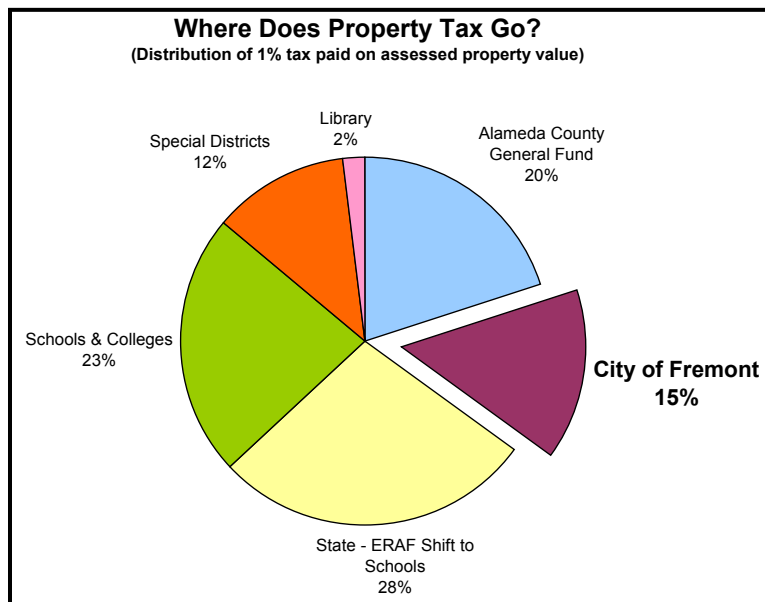
General Fund | General Fund Revenues

This section provides additional background and forecast information for the following key General Fund revenues:

- Property Taxes
- Sales and Use Taxes – including “triple flip” revenues
- Vehicle License Fees (VLF) – including the VLF replacement revenues
- Franchise Fees
- Hotel/Motel Occupancy Taxes
- Business License Taxes

Property Taxes

Description: Property tax is an ad valorem tax (based on value) imposed on real property (land and permanently attached improvements such as buildings) and personal (movable) property. Proposition 13, adopted by California voters on June 6, 1978, created a comprehensive system for the assessment and limitation of real property taxes. Property owners pay the tax based on their real property’s adjusted assessed full value. Proposition 13 set the FY 1975/76 assessed values as the base year from which future annual inflationary assessed value increases would grow (not to exceed 2% for any given year). The County Assessor also re-appraises each real property parcel when there are purchases, construction, or other statutorily defined “changes in ownership.” Proposition 13 limits the property



tax rate to 1% of each property’s full value plus overriding rates to pay voters’ specifically approved indebtedness. Property taxes are the City’s single largest revenue source, comprising approximately 35% of total FY 2008/09 projected revenues, or \$46.5 million.

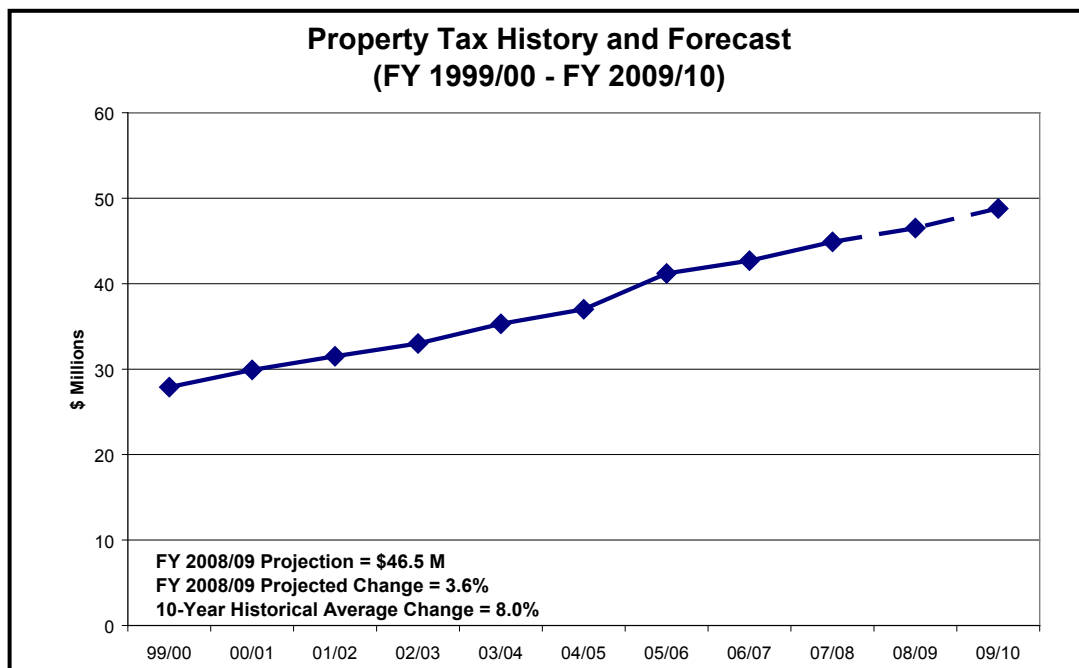
The City of Fremont receives 15 cents of every dollar of property tax paid (see adjacent chart). Alameda County and the schools, including Fremont Unified School District, receive most of the revenue from property taxes assessed on real property located in the City.

Proposition 13 (Section 1, Article XIII A, of the State Constitution) transferred control and accountability for property tax rates from city and county government to the State government. It allows the State legislature to apportion the property tax collections among the various cities, counties, and special districts “according to law.” In the late 1970s, the State Legislature settled on an allocation method under which each local government’s percentage share of property taxes was the same as that government’s prorated share of the entire county’s property taxes in the mid-1970s. Beginning

in 1992, the legislature reduced city allocations through the ERAF I and ERAF II legislation so that tens of millions of dollars in City property taxes were transferred to the schools. This shift costs the City of Fremont approximately \$12 million annually. More recently, in FY 2003/04, to deal with the State's fiscal crises, the legislature adopted ERAF III, which resulted in another allocation change that caused the City of Fremont to lose an additional \$5.4 million between FY 2004/05 and FY 2005/06. The City's Redevelopment Agency also lost \$4.6 million in property tax increment during this same period, for a total impact on the City and the Redevelopment Agency combined of \$10 million.

California voters passed Proposition 1A on November 4, 2004, giving California cities some relief from future State tinkering with traditionally local revenues. The State Legislature can only change city property tax allocations in emergencies and by a two-thirds vote in both legislative houses, and then for only two years before the revenue has to be repaid. While not perfect, these provisions helped to reduce the City's revenue uncertainty somewhat for FY 2007/08. FY 2008/09, however, is the first year in which the State will be able to invoke the provisions of Proposition 1A, which is not an unlikely possibility considering the State's increasing anticipated budget deficit and continuing fiscal challenges.

Forecast: Property tax revenues are estimated to total \$44.9 million in FY 2007/08. Staff projects property tax revenues for FY 2008/09 will amount to \$46.5 million. In addition to inflationary growth (based on Consumer Price Index increases with a maximum increase of 2% over a property's prior year full value assessment), City real property assessed values increased at an over 7% rate because of the Bay Area's phenomenal housing market over the last three years. The real estate sales volume that began slowing in early 2006 has continued into 2007, and is expected to continue through 2008. Although volume is down, values remain strong. The relative stability of Fremont housing market prices over the past few years, particularly in light of the downward trends seen in other parts of the county and the State, provide additional confidence for modest property tax growth in FY 2008/09 because the taxes are based on the value as of January 1, 2008.



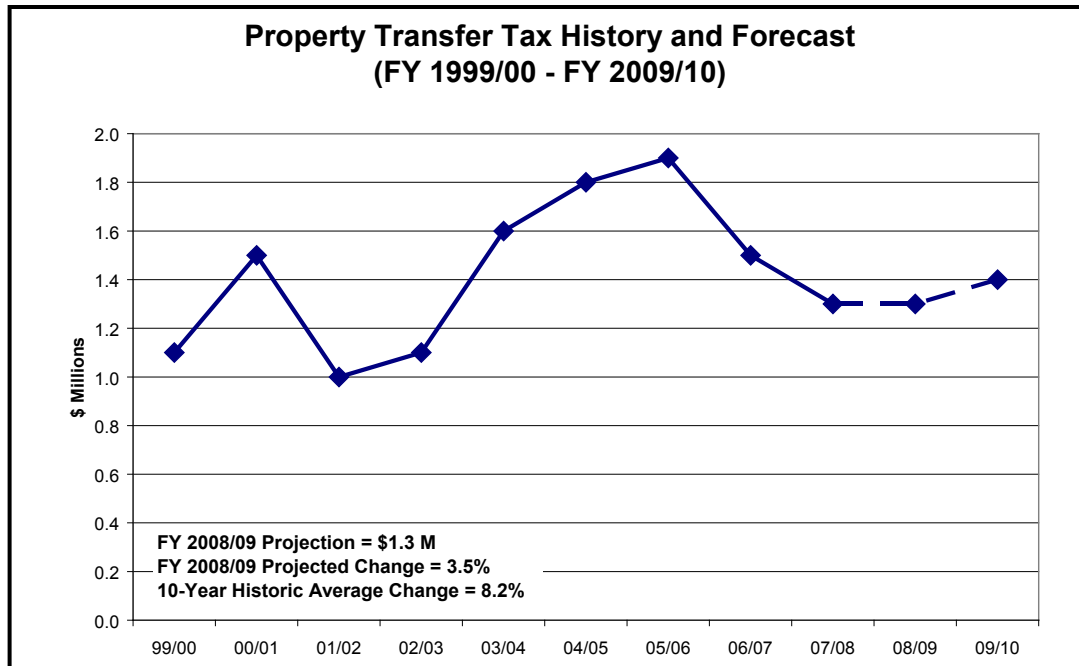
Key Factors in the Forecast: The most significant property tax revenue indicator is the change in property assessed full values. Properties are re-appraised upon most ownership changes and new construction. Strength in Fremont's real estate market drove the assessed value and City revenue growth in the second half of the 1990s, and again in the middle 2000s. The taxes for FY 2008/09 were assessed effective January 1, 2008, so price declines that might be caused by interest rate hikes and other market influences since that date will not change these values. Even a moderate decline in housing sales price (as forecast by certain economists) is not expected to seriously strain the City's FY 2008/09 revenue forecasts because the revenue is based on the January 1, 2008 assessment. Many economists are predicting that the economy will stabilize and begin to improve in FY 2009/10.

Interest rate increases as well as tighter mortgage lending practices pose a risk to the housing market's continuing vitality. Much of the value run-up relates to historically low home mortgage interest rates. By some estimates, more than 30% of the home sales in California are now financed by adjustable rate mortgages (ARMs). Higher interest rates, many of which were started as low "teaser" rates in the sub-prime mortgage category, have now reset to higher rates, causing the nationwide explosion of foreclosures. The nation continues a period of readjustment in terms of the housing segment of the economy. Substantial real property sales volume and property value declines pose economic risks to future City property tax and sales tax growth rates. The City has already experienced significant declines in its real property transaction volume, as well as a decrease in property transfer tax revenue. Property values are still increasing in Fremont at a very slow rate, but they are not falling, as is the case in many cities elsewhere in the State and throughout the country. Sales taxes could also be further affected by a reduction in consumer purchasing power in the face of falling home values.

The high-tech industry recovery is encouraging, but still fragile in light of the overall national economic conditions. Although not a factor to date, vacant commercial, research and/or industrial properties increase the risks of property valuation appeals (lower re-appraised values can reduce assessments and revenues) and of property tax payment delinquencies. Commercial and industrial properties comprise about one-third of Fremont's property tax base.

The State projects that its revenues will not be sufficient to meet its financial obligations in FY 2008/09 and is projecting deficits into future years that most likely will not have been resolved at the time the City's budget is adopted by the City Council. While Proposition 1A provides limited protection from future State take-aways, the State can again "borrow" property tax and/or sales tax revenues from local agencies on a two-thirds vote of the legislature, beginning in FY 2008/09. It is possible that the State may decide to borrow money from cities again if it does not resolve its budget deficit. If potential borrowing becomes a reality, the City might need to revisit and possibly amend its budget, depending on actions the State takes.

The property transfer tax trend is also considered in estimating property tax revenues. In both FY 2006/07 and FY 2007/08, the City has seen decreases in property transfer tax, as shown in the chart on the next page, which indicates that properties are still changing hands, but not at the volume seen in previous years. Generally, real property transactions that generate property transfer taxes also trigger re-assessment under Proposition 13. Although the transaction volume is less, the median sales price has been holding steady in Fremont, unlike the experience in many other parts of the Bay Area and the State.



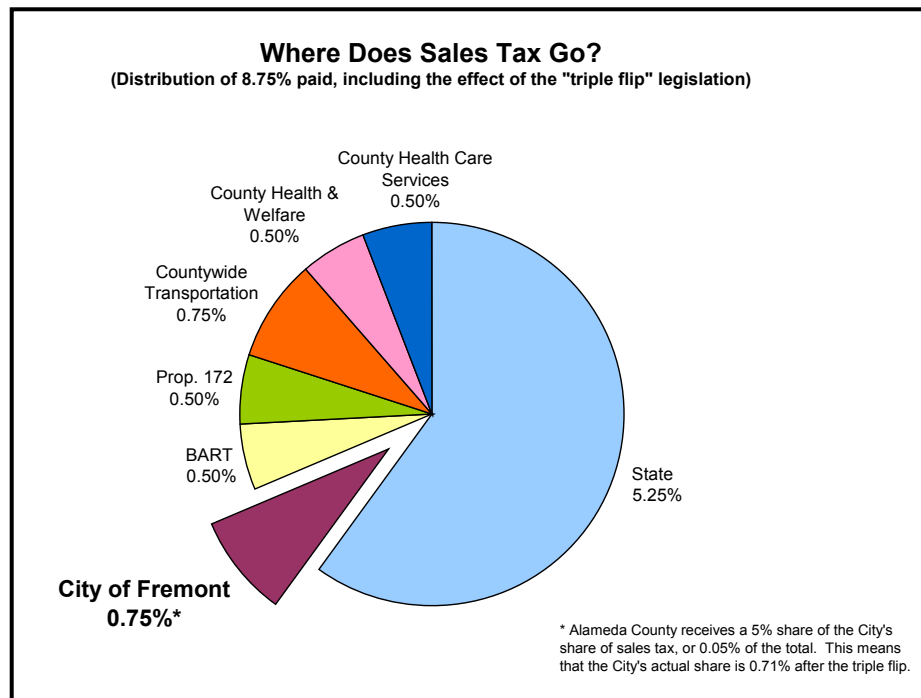
Sales and Use Taxes

Description: The local sales and use tax rate is 8.75%. Sales tax is collected on the sale of taxable goods within Fremont. Use tax is the corresponding tax on transactions involving taxable goods purchased out of state for use or storage in Fremont. Sales and use taxes are collected by the State, which then pays local government its respective share. Sales and use taxes (collectively, “Sales Taxes” in the budget) are the City’s second-largest revenue source and comprise about 28% of FY 2008/09 General Fund revenues.

In March 2004, California voters passed Proposition 57, approving the sale of State Economic Recovery Bonds. The bond proceeds were used to fund the State’s cash flow deficit and avert an operational financial crisis. To issue the bonds, the State needed a steady revenue source it could pledge to secure its payments – like sales taxes. To solve its problem, the State implemented the “triple flip.” Under the “triple flip,” the State’s bonds are secured by a quarter cent increase in the State’s share of sales tax with a corresponding decrease in local governments’ share of sales tax (there was no sales tax rate change). To compensate for the loss, local governments will receive additional real property taxes that would otherwise go to the schools (which will receive State General Fund payments), until the State’s Economic Recovery Bonds are repaid. The additional property taxes are to replace the lost sales taxes on a dollar for dollar basis.

Although the State had been attempting to pay off the Economic Recovery Bonds early and, thus, end the “triple flip,” exactly the opposite has occurred. Because of the State’s growing budget problems, it sold the last of the authorized Economic Recovery Bonds this spring, thereby ensuring that the “triple flip” will remain in place for several years to come.

General Fund | General Fund Revenues



Before FY 2004/05, the sales tax rate in Fremont was 8.25%. The City received 12.1% of the tax paid, which was approximately 1% of the price paid for the good. In March 2004, Alameda County voters passed Measure A, which raised the sales tax rate by 0.5% to 8.75% to fund County Health Care Services. As shown above, the City now receives 0.75% of each taxable sale, which equates to 8.6% of total sales tax revenues collected by all jurisdictions, down from the 12.1% we used to receive. The remaining 0.25% of each taxable sale now comes to the City as property tax because of the "triple flip."

Forecast: FY 2007/08 sales tax revenues, including the "triple flip" replacement, are projected to be \$35.9 million. The FY 2008/09 budgeted amount is \$37.4 million, or \$1.5 million more. For projection purposes, sales tax has three components: the local retail economic base, the property tax replacement related to the triple flip, and Proposition 172 sales tax revenue, which is dedicated to funding public safety activities. The following table relates the component projections to the total.

Projection Component	FY 2007/08 Estimated	FY 2008/09 Projected	Difference
"Regular" retail sales economy	\$25.7 million	\$27.0 million	+\$1.3 million
"Triple flip" property tax replacement	8.9 million	9.2 million	+ 0.3 million
Proposition 172 sales taxes	1.3 million	1.2 million	- 0.1 million
Total	\$35.9 million	\$37.4 million	+\$1.5 million

The local retail economic base is generally considered "regular" sales tax. It is the 0.75% of the price paid for taxable goods, referenced above, that is received by the City. Of the \$1.5 million projected increase, approximately \$1.3 million is attributable to growth in the retail base. This increase from the

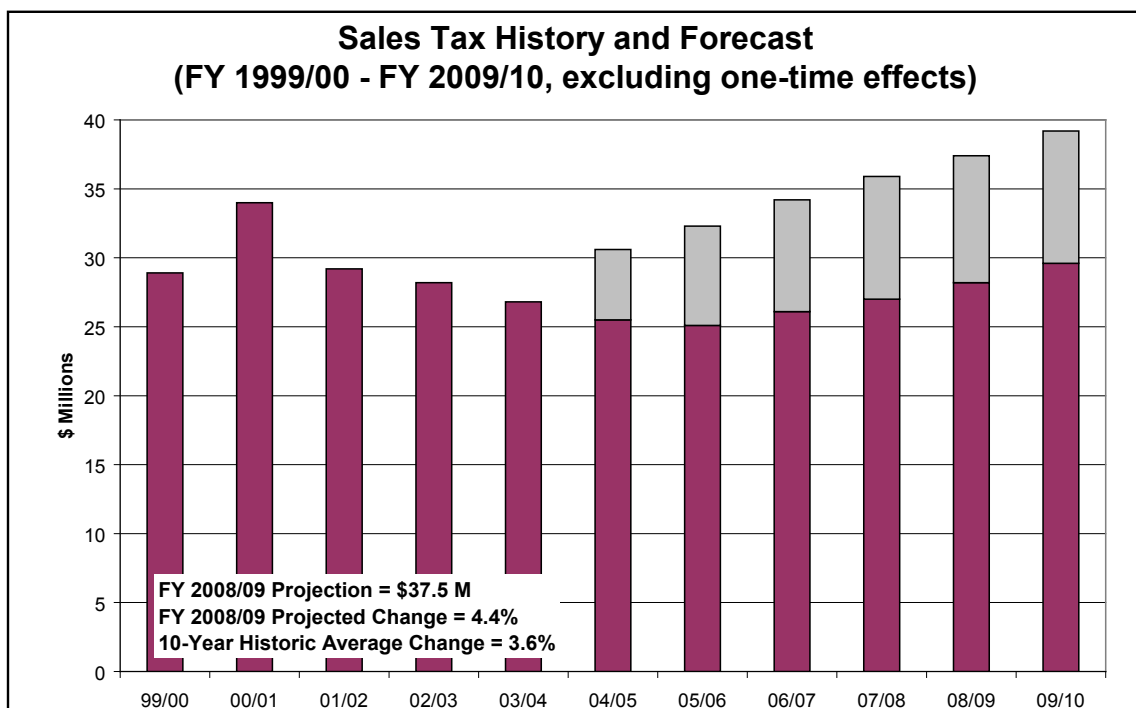
FY 2007/08 level reflects staff's assumption for continued modest economic growth in FY 2008/09.

The “triple flip” property tax replacement revenue is projected to increase by \$0.3 million in FY 2008/09. The amount of replacement revenue the City receives is based on the growth in “regular sales tax” revenue from the prior year.

Proposition 172 sales taxes are the City's share of the one-half cent sales tax for public safety services approved by California voters in 1993. In FY 2007/08, the City's share is expected to be \$1.3 million. Unlike “regular” sales tax revenues, which are based on retail activity in Fremont, Proposition 172 sales tax is collected and allocated on a statewide basis, so annual changes more closely resemble the statewide retail economy. For FY 2008/09, the statewide sales tax revenues are projected to decline, so the Proposition 172 component of the City's sales tax revenues is projected to decline by 8%, to \$1.2 million. Annual growth or decline in Proposition 172 sales taxes are the final component of the total sales tax projection.

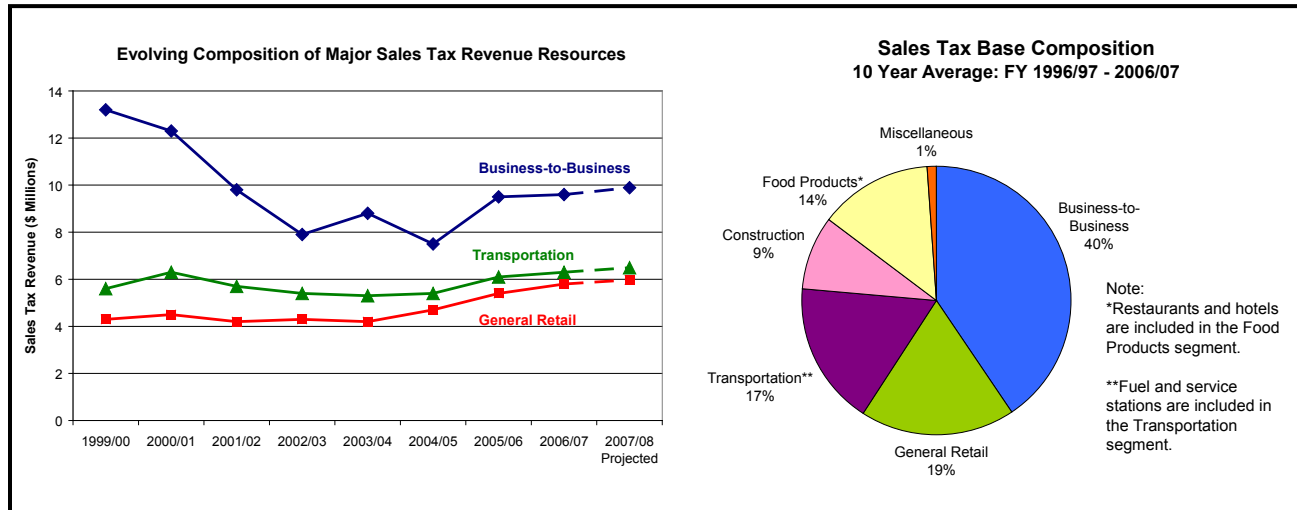
One proposal suggested by the State Legislative Analyst to deal with the State's budget problem is to shift Proposition 172 funds from cities to counties to provide a source of funding for parolee activities that would be shifted from the State to counties. It is too early to tell if this is a viable proposal. If this item were to be included in the State budget, it would result in a loss of revenue to Fremont of approximately \$1.2 million in FY 2008/09.

The graph below displays the sales tax forecast. In FY 2004/05, the City began to receive the “triple flip” property tax payments. The darker bars on the graph represent traditional sales tax dollars and the gray portion of the bars represent property tax dollars the City is receiving in lieu of sales taxes under the “triple flip.”



General Fund | General Fund Revenues

Key Factors in the Forecast: The Business-to-Business segment remains the largest segment of the sales tax pie. This segment grew from 30% of the tax base in FY 1990/91 to 41% in FY 2000/01. The high-tech sector recession that began in 2001 dampened business-to-business sales levels for a number of years. However, it has recently begun to show signs of improvement. For FY 2007/08, the Business-to-Business segment will constitute about 30% of the sales tax base. This City revenue remains vulnerable to any weakness of the Silicon Valley economy. The largest City's sales tax segments are highlighted in the following graph.



Sales tax is vulnerable to downturns in several segments of the economy. The general retail sales tax base has become a larger piece of the pie, with increases in retail such as the Pacific Commons development. After the “dot-com” bust, efforts to diversify the City’s sales tax base have been successful, with the result being a more balanced mix of sales tax segments and reduced reliance on any single sector.

Sales tax growth in the City is not reflective of the county-wide or statewide trends that are showing no growth or, in some cases, even modest declines. Particular segments that are showing declines are those related to declines in the housing market, including sales of construction materials and home furnishings. Sales of new automobiles have declined in recent months as well. As mortgage rates lowered, many people used the equity in their homes to make major purchases. Now that the mortgage market has tightened and lenders have frozen some of these equity lines of credit, retail sales of major purchases, such as vehicles, has declined significantly.

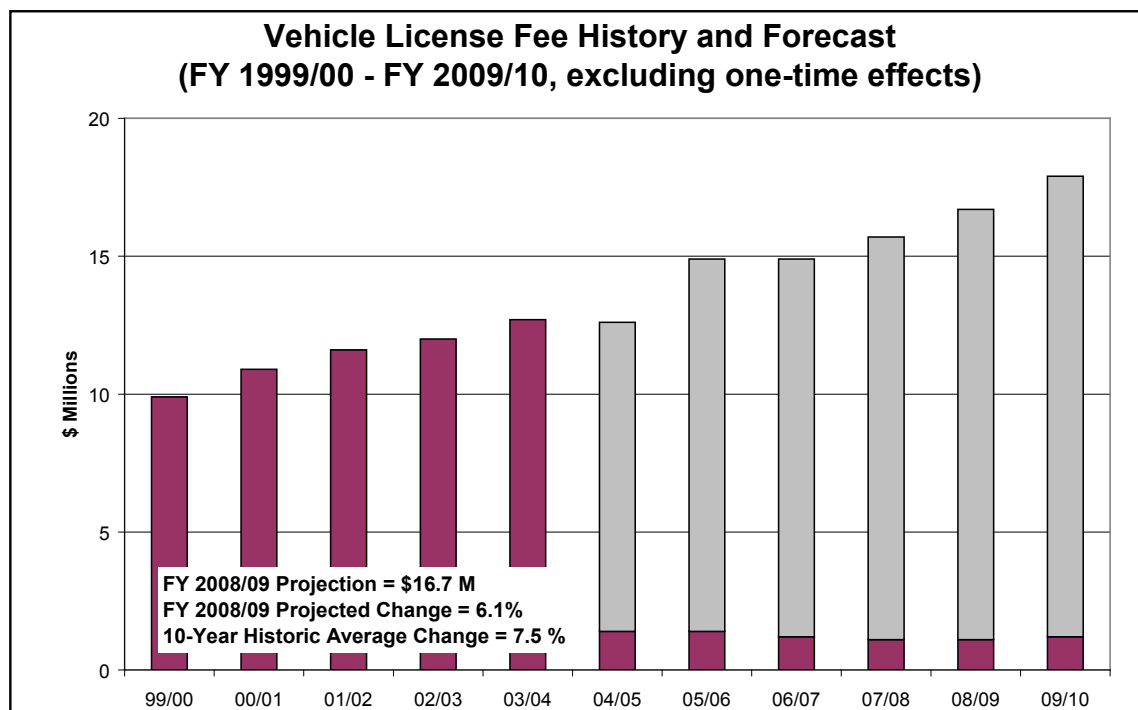
Since the peak year of FY 2000/01, revenue from the Business and Industry sector has decreased by one-third, or approximately \$4 million. Most other retail categories have been stable or have increased modestly. The FY 2008/09 budget assumes that the economy will continue to grow at a modest pace, and that inflation will remain low (CPI-U for April 2008 was 2.9% in the local area).

Vehicle License Fees (VLF)

Description: A vehicle license fee (VLF) is imposed on vehicles registered in California. The fee is administered by the State on behalf of cities and counties in lieu of their assessing other local taxes on personal property. The tax rate is 0.65% of the market value of the registered vehicle. Revenue is distributed evenly between cities and counties, and then is allocated to cities based on population.

VLF revenue has been dedicated to support local governments since the 1930s. The State reduced the vehicle license fee by 35% in FY 1998/99 and in FY 1999/00, and by another 32.5% in FY 2000/01 – a combined 67.5% decrease. The 67.5% tax reduction decreased the VLF tax rate from 2% to 0.65% of each registered vehicle’s value. The effects of these taxpayer relief measures were offset by “VLF backfill” payments to local governments made from the State’s General Fund.

In June 2003, the State determined that it could no longer afford the VLF backfill payments to cities so it restored the VLF rate to 2%. But, following the Governor’s repeal of the VLF increase in the fall of 2003, both the lower rate (0.65%) and the backfill were reinstated. In FY 2003/04, the VLF backfill was replaced on a long-term basis with another State shifting of property taxes from the schools to the cities. The City began to receive these VLF backfill replacement property taxes in FY 2004/05.



More recent legislation, AB 1602, which took effect in January 2007, created a two-year window in which the regular VLF revenue is reallocated to include newly incorporated cities and cities with recent annexations. This temporary provision means that the same VLF revenue will be shared by a greater number of cities. As a result, all cities in California that received VLF revenues prior to this legislation will now see reduced revenues as a result of each city’s portion of the overall VLF revenues being lower. In other words, the total VLF revenue to be allocated remains the same, but it is now

General Fund | General Fund Revenues

allocated to more jurisdictions with a corresponding increase in population. This reallocation window will end in FY 2008/09, meaning the City's anticipated lower VLF revenue base will then begin to grow again in FY 2009/10.

Forecast: The City projects VLF revenue for FY 2007/08 to come in at \$15.7 million. This revenue has two components: "true" VLF at \$1.1 million and VLF backfill replacement property taxes at \$14.6 million. In FY 2008/09, this revenue is projected to increase to \$16.7 million, consisting of \$1.1 million of "true" VLF and \$15.6 million of VLF backfill replacement property taxes.

The graph on the previous page displays the VLF forecast. The darker bars on the graph represent traditional VLF dollars, whereas the gray portions of the bars represent property tax dollars the City receives in lieu of the VLF backfill.

Key Factors in the Forecast: Since FY 2004/05, over 90% of VLF revenues now come in the form of property tax. The amount of property tax received is based on the growth in real property assessed valuation from the prior year and actual VLF revenues are no longer a factor in determining this amount. Because gross assessed valuation increased by 7.1% in FY 2007/08, VLF replacement revenue will grow by the same factor.

Strong auto sales and slow but steady population growth fueled "regular" VLF growth for several years. Statewide, vehicle sales have slowed, and so growth trends for this revenue source are predicted at a slower rate, at least until the overall economy recovers. Slower vehicle sales statewide, coupled with the legislation that reduced the City's base, are reasons for projections of slower growth. Because VLF revenue is allocated statewide, based on vehicle values and population, growth trends are less sensitive to local market conditions than are other revenues, such as sales tax.

Franchise Fees

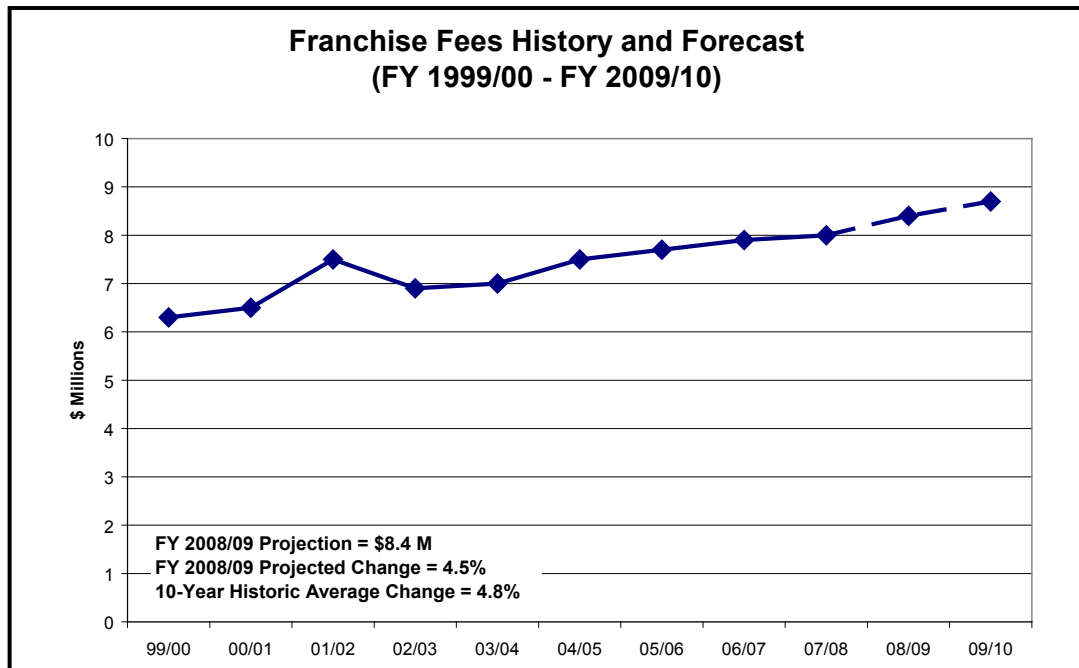
Description: State law provides cities with the authority to grant franchises to privately-owned utility and other companies for their use of the public right-of-way. The City receives franchise fees from the electric and gas utility, the solid waste collection company, the local cable company, and certain other entities for their privilege of using the public right-of-way within the City. The dominant franchise fees are calculated as a percentage of the respective franchisee's gross revenues (subject to specified statutory adjustments) earned from services delivered or performed by the franchisee within the City.

The maximum franchise rate is the greater of 1% on gas and electric adjusted gross revenues or 2% of the asset investment base within the City, as set by California law. PG&E pays its electric and gas utility franchise fee annually in April based on its revenues for the preceding calendar year. FY 2008/09 gas and electric utility franchise revenues will be computed as 1% of PG&E's adjusted gross revenues (the 1% of revenues method generally results in a greater fee than the 2% of invested assets method) for calendar year 2008 and will be received by the City in April 2009.

The solid waste collection franchise fees are negotiated between the City and the refuse collector. The cable franchise rate, formerly established by City ordinance, is now determined in accordance with AB 2987, the Digital Infrastructure Video Competition Act (DIVCA). The franchise fee rate of 5% of the cable company's "gross revenues" is unchanged, but cable providers now operate under a State

franchise, rather than a local franchise. The solid waste collection franchise fee is paid monthly and the cable franchise fee is paid quarterly (both in arrears) throughout the fiscal year.

Forecast: Combined estimated FY 2007/08 franchise revenues increased slightly, to \$8.0 million. In FY 2008/09, they are projected to increase to \$8.4 million. This increase is due to both rate increases for those revenues upon which franchise fees are collected, combined with modest growth in the number of accounts generating revenues.



Key Factors in the Forecast: Different risk and enhancement opportunity factors apply to each franchise revenue source. These factors are summarized below:

- **Electricity franchise:** PG&E franchise revenues change because of changes to the cost of natural gas and other resources used to generate electricity, consumer power demands (which are affected by the economy), interstate energy contract pricing, and state and federal regulatory changes. PG&E projects a modest revenue increase for 2008, so the City likewise expects a corresponding increase in its FY 2008/09 electric franchise revenues. Decreased demand (a factor of weather and price) or significant interstate cost decreases are factors that might negatively affect this revenue.
- **Gas franchise:** Gas franchise revenues comprise only about 9% of total franchise revenues.
- **Cable franchise:** Comcast raised prices modestly in January 2008 and continues to expand their Fremont customer base at a modest pace. Telephone (telecommunication) companies like AT&T are working to enter the video/television business to compete with cable providers. AB 2987 was signed into California law and became effective January 1, 2007. This legislation transferred the essential franchising functions to the State. Although State law contains provisions preserving existing city franchise fees, ultimate effects will not be known until the full transition to State franchising occurs over the next several years.

General Fund | General Fund Revenues

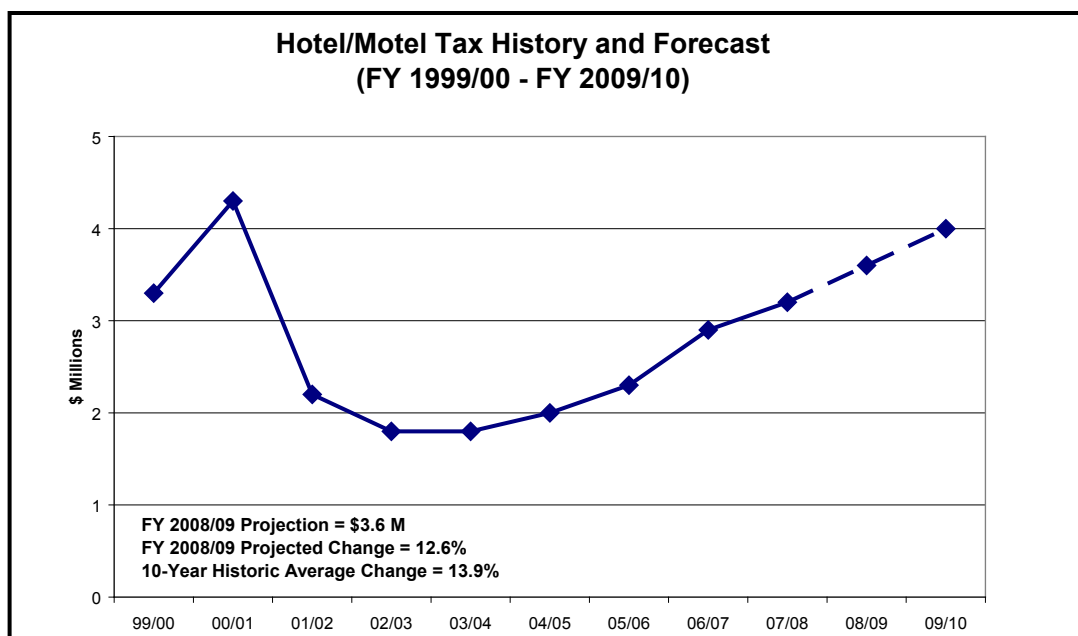
- **Solid waste collection franchise:** Solid waste collection franchise revenues are expected to remain relatively constant, and are not currently subject to extraordinary risks. Solid waste franchise fee rate increases typically occur every other year, in even years. The last increase occurred in January 2008. With an increased focus on recycling (which is not subject to franchise fees), the revenue from solid waste collection is decreasing somewhat. The effect on City revenues means that the rate increase is only offsetting the decreased revenues from less solid waste collection. This trend is expected to continue. Therefore, solid waste franchise fee revenues may remain stagnant, with new revenue growth coming primarily from new development adding to the customer base.

Hotel/Motel Occupancy Taxes

Description: The hotel/motel occupancy tax is charged on hotel and motel room occupancies of 30 days or less. It is paid by hotel and motel customers in addition to the room rate so that Fremont visitors may contribute to the cost of the public services they enjoy during their stay. Fremont's 8% room tax rate is substantially less than the 10%-12% tax rates charged by most neighboring cities.

Forecast: The budget estimates FY 2007/08 revenues will increase substantially, to \$3.2 million, with a 12% increase in FY 2008/09 to \$3.6 million. Rising local room rates and lower vacancy rates reflect the City's recovering high-tech/biotech business climate and the City's economic development efforts. These percentages also reflect the deflated revenue base – hotel/motel tax revenues fell from \$4.3 million in FY 2000/01 to \$1.8 million in FY 2002/03. The smaller base of revenue over the same number of hotels and motels allows for greater percentage increases.

Key Factors in the Forecast: The volatile high-tech/biotech economy remains the greatest risk, and opportunity, for hotel/motel tax revenues. Continuing economic recovery and City economic development efforts aimed at creating more "destination" activities and places in Fremont are expected to propel these revenues along a path of steady growth.

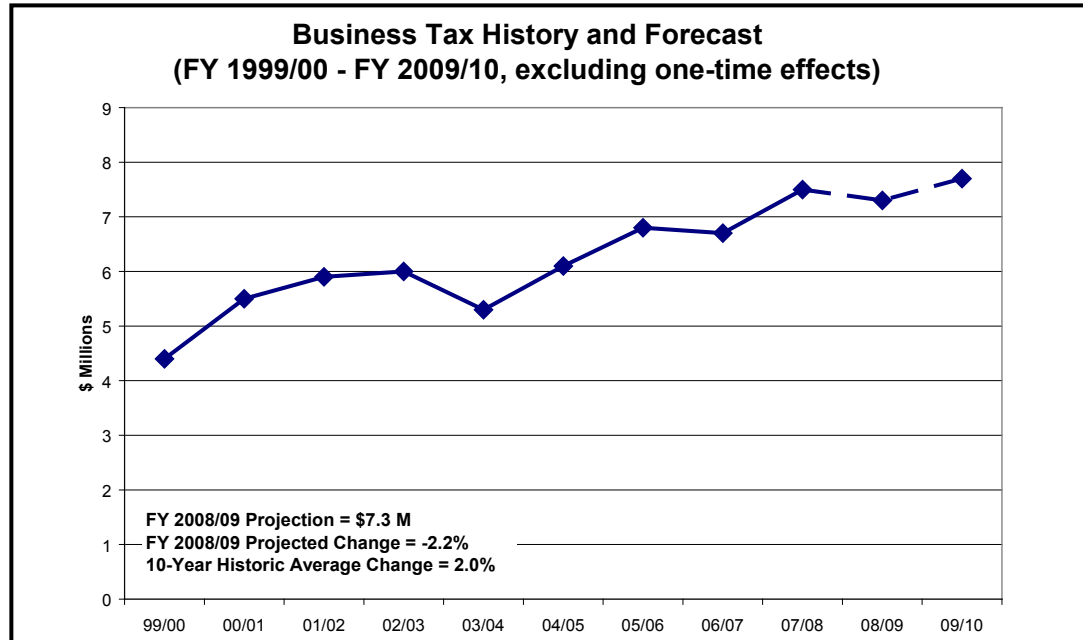


Business License Taxes

Description: Business license taxes are paid by individuals and entities for the privilege of conducting business in Fremont and to help pay for public services that contribute to a favorable business environment. The tax rate depends upon the type and size of the business. Some businesses pay a flat rate, but most pay based either on their gross receipts or payroll. Business license tax receipts tend to fluctuate with economic cycles, though to a lesser degree than sales taxes.

Forecast: FY 2007/08 business license tax revenues are projected to increase significantly, to \$7.5 million (up from \$6.7 million in FY 2006/07), and then decline again in FY 2008/09, to \$7.3 million. Increased revenues in FY 2007/08 are the result of increased enforcement efforts and collection of multiple years of back taxes as a result of staff's collection efforts through focused enforcement projects. The slight decline in FY 2008/09 reflects an acknowledgement that approximately \$400,000 of the FY 2007/08 revenues are related to prior years, and are not considered part of the base from which the City forms its growth assumptions.

Key Factors in the Forecast: Since the onset of the high-tech recession in FY 2000/01, business license tax revenues have grown slowly and have even declined in some years. In FY 2003/04, business license taxes decreased to \$5.6 million because of a decline in the City's manufacturing base. The flat rate portion of this revenue modulates severe swings, but business license taxes tend to rise and fall in a pattern similar to that of sales taxes.



General Fund | Forecast

General Fund Budget and Forecast Through 2009/10			
(Thousands of Dollars)	FY 07/08 Estimated Actual	Adopted FY 08/09	Projected FY 09/10
Revenues:			
Intergovernmental:			
Property Taxes	\$ 44,886	\$ 46,464	\$ 48,796
Property Taxes (VLF Replacement)	14,625	15,581	16,723
Triple Flip - Sales Tax Replacement	8,885	9,240	9,610
Sales & Use Taxes	27,000	28,220	29,637
Vehicle License Fees	1,100	1,106	1,167
Other Intergovernmental	800	812	824
Business License Taxes	7,500	7,337	7,705
Hotel/Motel Taxes	3,206	3,609	4,026
Property Transfer Taxes	1,300	1,346	1,420
Franchise Fees	8,000	8,362	8,740
Charges for Services	4,225	4,860	5,129
Fines	2,500	2,588	2,679
Investment Earnings	2,396	2,408	2,420
Paramedic Fees	1,124	1,175	1,228
Other Revenues	1,000	955	1,008
Total Revenues	128,547	134,063	141,112
Total Operating Transfers In	7,436	6,618	5,806
Resources Available:			
(Revenues plus Operating Transfers In)	135,983	140,681	146,918
Expenditures:			
General Government	11,967	12,252	12,675
Police	53,073	56,061	57,846
Fire	30,563	32,447	33,471
Community Preservation	693	746	774
Human Services	3,564	3,789	3,914
Transportation Operations Maintenance	-	16,440	16,942
Park Maintenance	-	5,123	5,299
Other Non-Departmental	1,990	3,802	2,820
Less: Citywide Savings	-	(1,500)	(1,500)
TRANS (debt) Costs	-	790	500
Total Expenditures	101,850	129,950	132,741
Operating Transfers Out:			
CIP Projects	2,500	1,000	1,000
Downtown Plan	-	-	500
General Fund Transfer to Maintenance	21,047	-	-
Debt	7,889	9,698	9,979
Cost Center Allocations	5,314	5,716	5,887
Other	50	50	50
Transfers to Reserves	1,970	601	562
Total Operating Transfers Out	38,770	17,065	17,978
Resources Used:			
(Expenditures plus Operating Transfers Out)	140,620	147,015	150,719
Net Results of Operations:			
(Resources Available less Resources Used)	(4,637)	(6,334)	(3,801)
Use of Budget Uncertainty Reserve	-	4,091	3,801
Beginning Fund Balance:			
(Ending Fund Balance from the Prior Year)	6,880	2,243	-
Ending Fund Balance	\$ 2,243	\$ -	\$ -

Transfers In (Thousands of Dollars)	Estimated Actual FY 07/08	Adopted FY 08/09	Projected FY 09/10
Overhead Transfers In From Other Funds:			
Overhead Charges to Development (Funds 011, 012, 013)	1,943	2,117	2,202
Overhead Charges to Environmental (Fund 115,123)	307	390	406
Overhead Charges to Paratransit (Fund 178)	19	19	20
Overhead Charges to Human Services Grants	103	106	110
Overhead Charges to Recreation (Fund 189)	666	867	902
Overhead Charges to Maintenance (Fund 500)	2,596	-	-
Overhead Charges to ITS (Fund 620)	557	592	616
Overhead Charges to LLMD's (Fund 460)	4	5	5
Overhead Charges to Multifamily Housing (Fund 191)	17	4	4
Overhead Charges to Low & Moderate Housing (Fund 911)	106	113	118
Overhead Charges to RDA (Fund 950)	168	209	217
Subtotal Recurring Transfers In from Other Funds	\$6,486	\$4,422	\$4,600
Miscellaneous Recurring Transfers In:			
Impact Fee Reimbursement	950	950	950
From FRC for Maintenance		246	256
Subtotal Misc. Recurring Transfers In	\$950	\$1,196	\$1,206
Miscellaneous Non-recurring Transfers In:			
One Time Transfers	-	1,000	-
Transfer From Budget Uncertainty Reserve	-	4,091	3,801
Subtotal Misc. Non-recurring Transfers In	\$-	\$5,091	\$3,801
TOTAL OPERATING TRANSFERS IN	\$7,436	\$10,709	\$9,607

General Fund | Transfer Detail

Transfers Out (Thousands of Dollars)	Estimated Actual FY 07/08	Adopted FY 08/09	Projected FY 09/10
Transfers to the CIP:			
Contribution to Maintenance	21,047	-	-
Contribution to Other CIP Projects	1,000	1,000	1,000
Additional CIP Contribution	1,500	-	-
Downtown Plan	-	-	500
Subtotal - Transfers for the ICAP	\$23,547	\$1,000	\$1,500
Transfers for Debt Service:			
New COPS	-	350	700
1990 COP 39550 Liberty Street & Fire Vehicles	519	528	513
1991 COP Fire	230	324	317
1998 COP Police Building	1,325	1,318	1,318
2001 COP Liberty/Capitol, Fire Land, City Hall	1,779	2,231	2,223
2001 COP (B) Liberty/Capitol, Fire Trucks	634	756	757
2002 COP Corporation Yard & Fire Station #11	2,097	2,446	2,427
2003 COP Refunding	1,555	1,745	1,724
Subtotal - Debt Service & Future Bond Issues	\$8,139	\$9,698	\$9,979
Cost Center Allocations:			
Community Development	2,437	2,534	2,610
Recreation Cost Center	2,605	2,709	2,790
Senior Center Cost Center	272	473	487
Subtotal - Cost Center Allocations	\$5,314	\$5,716	\$5,887
Other Transfers from the GF:			
Other Transfers (SACNET \$50k)	50	50	50
Subtotal - Other Transfers	\$50	\$50	\$50
Transfers from the GF to Reserves:			
Transfer to Contingency Reserve	1,642	501	468
Transfer to Program Equity Investment Reserve	328	100	94
Total Reserves	\$1,970	\$601	\$562
TOTAL OPERATING TRANSFERS OUT	\$39,020	\$17,065	\$17,978

General Fund | Historical Comparison

General Fund Historical and Adopted Budget 2008/09						
(Thousands of Dollars)	FY 03/04 Actual	FY 04/05 Actual	FY 05/06 Actual	FY 06/07 Actual	FY 07/08 Estimated Actual	FY 08/09 Adopted Budget
Revenues:						
Intergovernmental:						
Property Taxes	\$ 35,264	\$ 36,779	\$ 41,238	\$ 42,733	\$ 44,886	\$ 46,464
State ERAF III Revenue Loss	-	(2,743)	(2,743)	-	-	-
Property Taxes (VLF Replacement)	-	11,157	13,487	13,699	14,625	15,581
Triple Flip - Sales Tax Replacement	-	5,105	7,154	8,137	8,885	9,240
Sales & Use Taxes	26,796	25,514	25,123	26,054	27,000	28,220
Vehicle License Fees	9,542	1,353	1,367	1,220	1,100	1,106
Other Intergovernmental	734	879	757	1,473	800	812
Business License Taxes	5,324	6,092	6,771	6,738	7,500	7,337
Hotel/Motel Taxes	1,831	2,017	2,342	2,885	3,206	3,609
Property Transfer Taxes	1,550	1,785	1,948	1,505	1,300	1,346
Franchise Fees	7,004	7,546	7,666	7,903	8,000	8,362
Charges for Services	3,185	3,064	3,319	3,600	4,225	4,860
Fines	2,783	2,695	2,647	2,849	2,500	2,588
Investment Earnings	1,270	1,963	2,233	2,174	2,396	2,408
Paramedic Fees	1,020	1,014	1,055	1,070	1,124	1,175
Other Revenues	1,291	1,021	958	920	1,000	955
VLF Loan	-	3,270	-	-	-	-
Total Revenues	97,594	108,511	115,322	122,960	128,547	134,063
Total Operating Transfers In	6,725	6,591	7,226	7,471	7,436	6,618
Resources Available: (Revenues plus Operating Transfers In)	104,319	115,102	122,548	130,431	135,983	140,681
Expenditures:						
General Government	9,708	9,657	11,035	11,144	11,967	12,252
Police	37,632	43,137	45,904	49,377	53,073	56,061
Fire	22,701	24,940	26,130	27,369	30,563	32,447
Community Preservation	593	585	588	639	693	746
Human Services	2,438	2,626	2,874	3,099	3,564	3,789
Transportation Operations Maintenance	-	-	-	-	-	16,440
Park Maintenance	-	-	-	-	-	5,123
Other Non-Departmental	1,127	1,603	1,108	1,071	1,990	3,802
Less: Citywide savings	-	-	-	-	-	(1,500)
TRANS (debt) costs	151	131	187	496	-	790
Total Expenditures	74,350	82,679	87,826	93,195	101,850	129,950
Total Operating Transfers Out	26,288	37,077	36,381	36,658	38,770	17,065
Resources Used: (Expenditures plus Operating Transfers Out)	100,638	119,756	124,207	129,853	140,620	147,015
Net Results of Operations: (Resources Available less Resources Used)	3,681	(4,654)	(1,659)	578	(4,637)	(6,334)
Change in Encumbrance Reserve	(563)	(379)	(250)	179	-	-
Adjustment for Fair Market Value	-	2,028	550	-	-	-
Use of Budget Uncertainty Reserve	-	-	-	-	-	4,091
Beginning Fund Balance: (Ending Fund Balance from the Prior Year)	7,369	10,487	7,482	6,123	6,880	2,243
Ending Fund Balance	\$ 10,487	\$ 7,482	\$ 6,123	\$ 6,880	\$ 2,243	\$ -

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Other Funds

Other Funds

For budget purposes, the City's funds are grouped into five categories:

- General Fund
- Cost Center/Internal Service
- Special Revenue
- Redevelopment
- Capital Funds

The first three categories constitute the City's primary operating funds, and the last two are special classes of funds used mostly for capital investments. Funding for most City operations comes from the first three categories. The following section provides an overview of the City's Cost Centers, Internal Service funds, Special Revenue funds, Redevelopment funds, and Capital funds. Detailed information about the General Fund is available under the General Fund section of this document.



Other Funds

Summary of All Other Funds					
(Thousands of Dollars)	Cost Center/ Internal Service Funds	Special Revenue Funds	RDA Funds	Capital Funds	Total All Other Funds
Revenues					
Intergovernmental:					
Property Taxes	\$ -	\$ -	\$ 34,390	\$ -	\$ 34,390
Property Taxes (VLF Replacement)	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-
Sales & Use Taxes	-	931	-	-	931
Vehicle License Fees	-	-	-	-	-
Other Intergovernmental	-	7,612	-	8,160	15,772
Business License Taxes	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Charges for Services	23,620	6,624	-	-	30,244
Fines	-	-	-	-	-
Investment Earnings	999	33	3,384	2,320	6,736
Paramedic Fees	-	-	-	-	-
Other Revenues	586	1,452	-	3,843	5,881
Total Revenues	25,205	16,652	37,774	14,323	93,954
Total Transfers In	5,716	202	-	10,773	16,691
Resources Available: (Revenues plus Total Transfers In)	30,921	16,854	37,774	25,096	110,645
Expenditures					
General Government	-	-	-	-	-
Police	-	1,201	-	-	1,201
Fire	-	628	-	-	628
Transportation and Operations	1,941	6,470	-	1,200	9,611
Community Development:					
Planning	4,715	-	-	-	4,715
Building & Safety	5,864	-	-	-	5,864
Engineering	7,114	-	-	-	7,114
Community Preservation	-	85	-	-	85
Housing and Redevelopment	-	-	28,694	-	28,694
Human Services	652	8,398	-	-	9,050
Parks and Recreation	7,411	192	-	-	7,603
Non-departmental	(421)	750	-	16,684	17,013
Less: Citywide Savings					-
Debt Costs	-	868	7,499	9,698	18,065
Total Expenditures	27,276	18,592	36,193	27,582	109,643
Total Transfers Out	3,651	917	322	1,955	6,845
Resources Used: (Expenditures plus Operating Transfers Out)	30,927	19,509	36,515	29,537	116,488
Net Results of Operations: (Resources Available less Resources Used)	(6)	(2,655)	1,259	(4,441)	(5,843)
Use of Budget Uncertainty Reserve	-	-	-	-	-
Beginning Fund Balance - 6/30/08 (est.)	11,081	14,451	28,289	18,138	71,959
Fund Balance - 6/30/09 (est.)	\$ 11,075	\$ 11,796	\$ 29,548	\$ 13,697	\$ 66,116

Cost Centers & Internal Service Funds

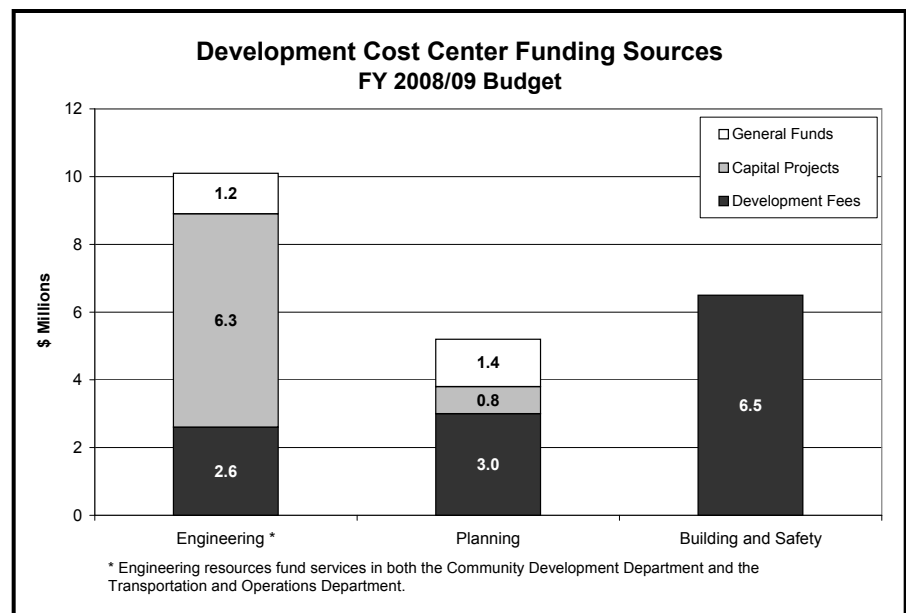
The City uses cost centers to account for City activities that are predominantly fee-based. These funds receive revenues from external users in the form of fees for services and transfers from other funds for work on City projects. The cost centers are intended to maintain their fund balances from year to year to provide flexibility to respond to revenue decreases or unexpected costs. The City uses internal service funds to account for certain information technology, risk management, and retiree medical services provided to the City's operating departments on a full-cost recovery basis.

Development Services Cost Center

The Development Services Cost Center budget relies on a combination of development fees, charges to City capital projects, and charges to the General Fund (made in the form of a transfer) for work benefiting the community in general. Each functional area relies on a different mixture of these revenue inflows, so each has fared differently under the recent economic conditions.

During the mid-1990s, development activity in Fremont was thriving. As a hedge against the cyclical nature of the economy, the Development Services Cost Center accumulated a fund balance intended to pay for technology and capital needs, and to preserve staffing continuity through downturns. Maintaining a base level of staff enables the City to respond effectively when development activity returns. At the end of FY 2007/08, the fund balance is projected to be \$3.6 million.

The Planning, Engineering, and Transportation Engineering Divisions all receive General Fund support for work program services that benefit the community in general. In FY 2008/09, the General Fund will transfer \$2.5 million to the Cost Center, to be spread across Planning, Engineering, and Transportation Engineering for their work programs. This work generally includes updating and maintaining the City's General Plan, responding to traffic service



requests, managing the City's real property, providing general customer service not associated with a particular project, and responding to City Council referrals. Although the General Fund allocation is increasing this year, it is still less than FY 2002/03 levels. Because the Cost Center has not seen a decrease in General Fund work program elements to correspond with the decrease in its General Fund allocation, it must continue the service reductions implemented during FY 2003/04.

Recreation Cost Center

The Recreation Cost Center provides services to the public using both General Fund contributions and user fees. Using an enterprise business model in which programs are funded only if they are able to pay for themselves through fees, the Recreation Division successfully delivers programs and activities each year to citizens of all ages. In FY 2008/09, the Recreation Cost Center expects to receive 55% of its \$8.1 million in total available resources from program and user fees, 33% from General Fund support, and 3% from interest on the cost center fund balance. The remaining 9% comes from other revenues.

General Fund support enables the Recreation Cost Center to provide low to no-cost services such as Central Park operations, some teen services, and community center operations. Cost projections for General Fund services provided by the Cost Center, which are driven by costs related to staffing, are outpacing projections for future General Fund support. As a result, service reductions implemented with the FY 2003/04 and FY 2005/06 budget, such as reduced park ranger service in Central Park and elimination of the Teen Program Coordinator position, will remain in place through FY 2008/09.

As a result of the sluggish economy over the past few years, increases in personnel costs, and the fact that the existing recreation facilities are nearing capacity, the Recreation Cost Center could be facing a structural imbalance in the future between revenues and expenditures. Expenditures continue to increase, and fees for services charged by the Cost Center have little room for further market increases. In FY 2008/09, due to the start up expenses of the Water Park, the Cost Center will rely on undesignated fund balance to close the gap.

Careful management of the enterprise model for delivering recreation services since the early 1990s has enabled the Cost Center to accumulate a fund balance, projected to be \$3.5 million at the end of FY 2007/08. Increased participation in fee classes, interest on the fund balance and salary savings have been the primary contributors to the growth in the fund balance in recent years. Most of the fund balance serves as an economic contingency reserve to buffer operations from a fluctuating economy, program revenue shortfalls, and unforeseen major interruption of services. The remainder of the fund balance is the Operating Improvement Reserve, which serves as a funding source to launch new revenue generating programs. The short-term imbalance between revenues and expenditures due to the start up costs of the Water Park will reduce the Recreation Cost Center fund balance to \$3.3 million by the end of FY 2008/09.

Finally, construction of the new family Water Park in Central Park, “Aqua Adventure,” is currently underway. This facility is an investment that is expected to provide a new revenue stream for the Recreation Cost Center without an increase in General Fund support. This project is made possible with a combination of funding sources, including State Proposition 12 and Proposition 40 funding, and grants from The Candle Lighters community service organization and the Fremont Bank Foundation. The new Water Park is scheduled to open to the public in May 2009.

Senior Center Cost Center

This cost center accounts for revenues and expenditures for programs administered by the Aging and Family Services (AFS) Division of the Human Services Department for the Senior Center and for senior programs serving frail elders. Cost Center resources are comprised of fees for service, restricted grants, MediCal service reimbursements, private donations, and the General Fund.

The total Senior Center Cost Center fund balance is projected to be depleted at the end of FY 2007/08. There will be no carryover fund balance to close the gap between the Cost Center's resources and projected expenditures in FY 2008/09. This Cost Center, unlike other cost centers, relies on General Fund support for the majority of its funding. Because the impending structural imbalance largely is due to reduced General Fund contributions as a budget balancing strategy in FY 2003/04, the amount of General Fund support for the Cost Center will be increased from \$270,000 in FY 2007/08 to \$473,000 in FY 2008/09, to retain this important activity, albeit at continued reduced service levels.

Staff has responded to funding challenges over the last five years with a combination of fee increases, service reductions, fundraising, and use of reserves. On the revenue side, the Senior Center has increased the charge to seniors for lunch and has instituted an annual membership fee. With notable increases in expenditures related to the economy, as well as normal inflationary increases, the Cost Center can no longer continue to provide even this decreased level of service without a higher level of General Fund support.

In FY 2005/06, staff secured approximately \$25,000 in new external funding support for the Senior Center (\$10,000 in a new grant from Alameda County, and almost \$15,000 in federal CDBG funds). The grant funding from Alameda County will continue for several years, but the future of the CDBG funding is uncertain because of continued reductions to that federal program. Staff will continue to analyze Senior Center operations for opportunities to increase ongoing non-General Fund revenues and contain operating costs to minimize long-term sustainability risks.

Risk Management Internal Service Fund

This fund accounts for the City's retained self-insured risks of loss from vehicle and property damage, earthquakes and floods, workers' compensation, general liability claims, and unemployment claims. Administrative costs, including insurance coverage through the City's membership in the California Joint Powers Risk Management Authority, are also accounted for in this fund. Resources for this fund are provided through allocation "charges" to the departments and special revenue fund operations that receive these services. Total costs allocated to departments are increasing from \$6.6 million in FY 2007/08 to \$6.8 million in FY 2008/09. This increase primarily is the result of additional costs for workers' compensation due to claims experience, combined with increased general liability premium costs.

Other Funds | Cost Centers & Internal Service Funds

Information Technology Services Internal Service Fund

This fund accounts for the City's information systems support and technology services. It funds Information Technology Services operations and equipment replacement. Resources for this fund are provided through allocation "charges" to the departments and special revenue fund operations that receive these services. Total allocation charges to departments are \$5.8 million in FY 2008/09, or \$300,000 more than the FY 2007/08 level.

The expenditure budget for this fund is increasing by \$461,000, or 9.5%, from the adopted FY 2007/08 budget. This increase primarily is due to an increase in the capital expenditure budget to provide funding for future replacement costs of computer network equipment citywide.

Other Post-Employment Benefits (OPEB) Internal Service Fund

This is a new fund created in FY 2007/08 to account for the costs of the City's retiree medical benefits. Governmental Accounting Standards Board (GASB) Statement 45 requires that other post-employment benefits (OPEB), such as retiree medical costs, be accounted for in a manner similar to retirement benefits. The City, like most cities in the country, has historically accounted for this cost on a pay-as-you-go basis within all of its various funds. The actuarial valuation performed as part of the City's efforts to manage these costs quantified the unfunded liability as of June 30, 2006. This fund will now account for all the costs of the City's retiree medical benefits. Although the FY 2007/08 budget anticipated beginning to prefund this liability, that plan was changed in reaction to slowing revenue growth. However, prefunding continues to be a goal for effectively managing this liability, and staff is evaluating a variety of plan design and funding options for future consideration.

Other Funds | Cost Centers & Internal Service Funds

Cost Centers/Internal Service

(Thousands of Dollars)	Development	Recreation	Internal Service			Internal	Total
	Cost Center	Cost Center	Senior Center	Risk Management	Information Technology	OPEB	Service Reclass*
Revenues							
Intergovernmental:							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-
Sales & Use Taxes	-	-	-	-	-	-	-
Vehicle License Fees	-	-	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-	-	-
Business License Taxes	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-
Charges for Services	18,341	5,138	141	6,837	5,753	1,777	(14,367)
Fines	-	-	-	-	-	-	-
Investment Earnings	368	216	-	350	40	25	-
Paramedic Fees	-	-	-	-	-	-	-
Other Revenues	354	71	88	53	20	-	-
Total Revenues	19,063	5,425	229	7,240	5,813	1,802	(14,367)
Total Transfers In	2,534	2,709	473	-	-	-	-
Resources Available: (Revenues plus Total Transfers In)	21,597	8,134	702	7,240	5,813	1,802	(14,367)
Expenditures							
General Government	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Transportation and Operations	1,941	-	-	-	-	-	-
Community Development:							
Planning	4,715	-	-	-	-	-	-
Building & Safety	5,864	-	-	-	-	-	-
Engineering	7,114	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-
Housing and Redevelopment	-	-	-	-	-	-	-
Human Services	-	-	652	-	-	-	-
Parks and Recreation	-	7,411	-	-	-	-	-
Non-departmental	-	-	-	7,150	5,019	1,777	(14,367)
Less: Citywide Savings	-	-	-	-	-	-	-
Debt Costs	-	-	-	-	-	-	-
Total Expenditures	19,634	7,411	652	7,150	5,019	1,777	(14,367)
Total Transfers Out	2,192	867	-	-	592	-	-
Resources Used: (Expenditures plus Operating Transfers Out)	21,826	8,278	652	7,150	5,611	1,777	(14,367)
Net Results of Operations: (Resources Available less Resources Used)	(229)	(144)	50	90	202	25	-
Use of Budget Uncertainty Reserve	-	-	-	-	-	-	-
Beginning Fund Balance - 6/30/08 (est.)	3,575	3,460	-	2,049	1,972	25	n/a
Fund Balance - 6/30/09 (est.)	\$ 3,346	\$ 3,316	\$ 50	\$ 2,139	\$ 2,174	\$ 50	n/a

* NOTE: The "Charges for Services" and "Non Departmental Expenditures" in the Risk Management and Information Technology Funds have been reclassified and are not part of the Cost Center/Internal Service Funds total because these amounts are included in other departments' budgets.

Other Funds | Cost Centers & Internal Service Funds

Cost Centers/Internal Service

(Thousands of Dollars)	Budget 06/07	Budget 07/08	Budget 08/09
Beginning Fund Balance	\$ 9,640	\$ 8,358	\$ 11,081
Revenues			
Intergovernmental:			
Property Taxes	-	-	-
State ERAF III Revenue loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales & Use Taxes	-	-	-
Vehicle License Fees	-	-	-
Other Intergovernmental	99	-	-
Business License Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	19,347	20,879	23,620
Fines	-	-	-
Investment Earnings	292	644	999
Paramedic Fees	-	-	-
Sale of Bonds	-	-	-
Other Revenues	668	436	586
Total Revenues	20,406	21,959	25,205
Operating Transfers In	6,096	7,615	5,716
Total Available Resources	36,142	37,932	42,002
Expenditures			-
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Transportation and Operations	1,590	1,755	1,941
Community Development:			
Planning	3,593	3,964	4,715
Building & Safety	5,162	5,612	5,864
Engineering	5,948	6,417	7,114
Community Preservation	-	-	-
Housing and Redevelopment	-	-	-
Human Services	743	619	652
Parks and Recreation	5,788	6,167	7,411
Non-departmental	(658)	(822)	(421)
Less: Citywide Savings	-	-	-
Debt Costs	-	-	-
Total Expenditures	22,166	23,712	27,276
Operating Transfers Out	6,979	3,376	3,651
Transfers to Reserves	-	-	-
Total Use of Resources	29,145	27,088	30,927
Ending Fund Balance	\$ 6,997	\$ 10,844	\$ 11,075

Special Revenue Funds

Special revenue funds account for activities (other than major capital projects) funded by special-purpose revenues. Such revenues are typically legally restricted for specific purposes and may not be spent as part of the General Fund for general public safety or maintenance activities. Most of the federal, State, and County grants the City receives are accounted for in special revenue funds. Such grant revenues typically must be spent and accounted for according to the specific grant requirements.

Human Services

The Human Services Department relies on General Fund support, grants, charges for service, and rents from the Family Resource Center to provide a wide range of services to families and seniors. The non-General Fund sources featured in this special revenues subsection comprise 71% and 70% of the department's total funding sources in FY 2007/08 and FY 2008/09, respectively. The table on page 87 shows the special revenue funding sources for Human Services. For information on the total Human Services budget, including the use of General Fund resources, please see the Department Budgets section of this document.

Grants

The City receives grants for Human Services activities from a number of different sources:

- **Alameda County and Union City:** grants to provide services to elders in Fremont and the Tri-City area.
- **Alameda County:** Probation Department funds for Youth and Family Counseling; funds to divert at-risk youth from the criminal justice system.
- **Alameda County:** Department of Behavioral Health funds to support a multi-disciplinary team approach to family support at the Fremont Family Resource Center.
- **State Medi-Cal reimbursement:** funds received through reimbursement for counseling and support services provided to youth and seniors.
- **Proposition 10** (tobacco taxes): monies allocated by the County to support early childhood programs in Youth and Family Services.
- **Robert Wood Johnson Foundation:** funding for planning senior services, for a growing senior population.
- **State Department on Aging:** funds for the Multipurpose Senior Services Program (funded by the State using State and federal dollars) to provide services aimed at allowing frail elders to remain in their homes.
- **Mobile Mental Health Grant:** provides funds from Proposition 63 for mental health services to 55 home-bound clients in order to improve their ability to live safely in the community.

Grant funding is projected to be \$2.2 million in FY 2008/09, which is the same amount as in FY 2007/08.

Other Funds | Special Revenue Funds

Paratransit

This fund accounts for the monies used to fund the City's paratransit program. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related activities such as the paratransit program. Funding for paratransit services is projected to increase by 10.6% in FY 2008/09, from \$842,000 to \$931,000.

Family Resource Center Fund

This fund accounts for the revenues and expenses associated with the Fremont Family Resource Center (FRC). Rental payments by the various tenants of the FRC fund the salaries and benefits of the FRC staff and operating and capital expenditures at that facility. This fund also includes grants from private foundations to support programs at the FRC. For FY 2008/09, revenue is expected to increase slightly. FY 2008/09 expenditures are budgeted to increase by \$276,000, primarily because of increased debt service and increased capital expenditures.

CDBG/HOME

- **Community Development Block Grant** - This fund accounts for the City's allocation of federal Community Development Block Grant (CDBG) funds received from the U. S. Department of Housing and Urban Development for the purpose of developing viable urban communities. Through the CDBG Program, the City receives an annual entitlement grant to address certain housing and community development needs. Federal regulations require that at least 70% of the City's CDBG grant must directly benefit low and moderate-income households, with each community tailoring its program to address specific local needs.
- **HOME Grant** - This fund accounts for monies received under the HOME Investment Partnership (HOME) Act. HOME funds can be used to acquire, rehabilitate, finance and construct affordable housing.

The CDBG entitlement is \$1.6 million for FY 2008/09, which is \$63,000 less than the FY 2007/08 amount. The \$2.6 million in estimated actual expenditures for FY 2007/08 will be approximately the same as the budgeted amount. Any carryover is incorporated into the FY 2008/09 budget. Sub-recipients of the program are on a two-year funding cycle and, therefore, have two years to fulfill their obligations.

The estimated actual expenditures for the HOME grant are expected to be \$253,000 in FY 2007/08. The FY 2008/09 budget is \$546,000, which includes \$291,000 for land acquisition. No land acquisition occurred in FY 2007/08.

Multi-Family Housing

This fund accounts for tax-exempt multi-family housing bond-monitoring fees paid to the City, which have been decreasing for the past several years. These funds only support consulting and office supply expenditures in the Office of Housing and Redevelopment. Revenue from these fees is projected to decrease by 40% from the FY 2007/08 level, and expenditures are decreasing by over 79%.

Public Safety Grants

- Southern Alameda County Narcotics Enforcement Team (SACNET) - This fund accounts for the proceeds of assets forfeited as the result of drug activities and contributions from the cities of Fremont, Newark, and Union City. The City of Fremont's contribution comes from the General Fund and is displayed as a "Transfer Out" on page 72.
- AB3229 - Community Oriented Policing Services (COPS) Front Line Enforcement - These funds account for monies from the State and are distributed by the County to be spent on front line law enforcement activities.
- Justice Assistance Grant Program - This fund accounts for monies received from the federal government and expended for criminal justice, crime or substance abuse prevention and treatment programs.
- Abandoned Vehicle Abatement - This fund accounts for monies received by the City under California Vehicle Code (CVC) sections 9250.7 and 22710 and used for the abatement, removal and disposal as public nuisances of any abandoned, wrecked, dismantled or inoperative vehicles from private or public property.
- State Office of Traffic Safety Grant - This fund accounts for monies received from the State to provide funding for innovative traffic enforcement programs and public relations for a countywide campaign against drinking drivers.
- Staffing for Adequate Fire and Emergency Response (SAFER) Grant - This fund accounts for monies received from the U.S. Department of Homeland Security to increase fire staffing and improve safety and response times.

Grant revenues related to public safety services are projected to increase by 10% from the level budgeted in FY 2007/08. In FY 2007/08, there were carry-over grant monies unspent from prior years; these grant funds and carry-overs will be spent in FY 2008/09.

Environmental Services

- Integrated Waste Management - This fund accounts for monies received by the City from solid waste collection rates and used to comply with the provisions of AB 939 for the purpose of carrying out recycling, and household hazardous waste and solid waste management programs. The current fund balance serves two purposes: (1) to support rate stabilization, and (2) to cover transition costs associated with landfill closure.

Other Funds | Special Revenue Funds

- Urban Runoff Clean Water Program - This fund accounts for monies received to comply with the Federal Clean Water Act of 1987, which requires that stormwater discharges from municipal storm drain systems be regulated under a nationwide surface water permit program. In order to obtain a permit, the City must implement programs to evaluate sources of pollutants in urban storm drain runoff, estimate pollutant loads, evaluate control measures, and implement a program of pollution controls.

Expenditures are budgeted to increase by 5.6%, from \$7.1 million in FY 2007/08 to \$7.5 million in FY 2008/09. The increase is mainly attributable to the expenses budgeted for the new Household Hazardous Waste Facility that will be operational in Fremont in 2008.

Other Funds | Special Revenue Funds

Special Revenue Funds

(Thousands of Dollars)	Human Services					Public Safety Grants	Environmental Services Funds	Total Special Revenues
	Grants	Paratransit	FRC	CDBG/ HOME	Multi-Family Housing			
Revenues								
Intergovernmental:								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-	-
Sales & Use Taxes	-	931	-	-	-	-	-	931
Vehicle License Fees	-	-	-	-	-	-	-	-
Other Intergovernmental	2,176	-	152	3,483	-	1,599	202	7,612
Business License Taxes	-	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-
Charges for Services	695	8	65	-	-	-	5,856	6,624
Fines	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	33	-	33
Paramedic Fees	-	-	-	-	-	-	-	-
Other Revenues	462	-	960	-	30	-	-	1,452
Total Revenues	3,333	939	1,177	3,483	30	1,632	6,058	16,652
Total Transfers In	-	-	152	-	-	50	-	202
Resources Available: (Revenues plus Total Transfers In)	3,333	939	1,329	3,483	30	1,682	6,058	16,854
Expenditures								
General Government	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	1,201	-	1,201
Fire	-	-	-	-	-	628	-	628
Transportation and Operations	-	-	-	-	-	-	6,470	6,470
Community Development:								
Planning	-	-	-	-	-	-	-	-
Building & Safety	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	85	85
Housing and Redevelopment	-	-	-	-	-	-	-	-
Human Services	3,291	899	727	3,450	31	-	-	8,398
Parks and Recreation	-	-	-	-	-	-	192	192
Non-departmental	-	-	-	-	-	-	750	750
Less: Citywide Savings	-	-	-	-	-	-	-	-
Debt Costs	-	-	868	-	-	-	-	868
Total Expenditures	3,291	899	1,595	3,450	31	1,829	7,497	18,592
Total Transfers Out	73	19	398	33	4	-	390	917
Resources Used: (Expenditures plus Operating Transfers Out)	3,364	918	1,993	3,483	35	1,829	7,887	19,509
Net Results of Operations:								
(Resources Available less Resources Used)	(31)	21	(664)	-	(5)	(147)	(1,829)	(2,655)
Use of Budget Uncertainty Reserve	-	-	-	-	-	-	-	-
Beginning Fund Balance - 6/30/08 (est.)	743	168	3,524	-	55	1,255	8,706	14,451
Fund Balance - 6/30/09 (est.)	\$ 712	\$ 189	\$ 2,860	\$ -	\$ 50	\$ 1,108	\$ 6,877	\$ 11,796

Other Funds | Special Revenue Funds

Special Revenue Funds

(Thousands of Dollars)	Budget 06/07	Budget 07/08	Budget 08/09
Beginning Fund Balance	18,144	15,998	14,451
Revenues			
Intergovernmental:			
Property Taxes	-	-	-
State ERAF III Revenue loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales & Use Taxes	761	842	931
Vehicle License Fees	-	-	-
Other Intergovernmental	5,678	7,476	7,612
Business License Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	8,203	6,145	6,624
Fines	-	-	30
Investment Earnings	13	15	33
Paramedic Fees	-	-	-
Sale of Bonds	-	-	-
Other Revenues	1,180	1,523	1,422
Total Revenues	15,835	16,001	16,652
Operating Transfers In	182	50	202
Total Available Resources	34,161	32,049	31,305
Expenditures			
General Government	-	-	-
Police	1,093	1,215	1,201
Fire	304	522	628
Transportation and Operations	7,869	5,877	6,636
Community Development:			
Planning	-	-	-
Building & Safety	-	-	-
Engineering	-	-	-
Community Preservation	-	-	85
Housing and Redevelopment	385	-	-
Human Services	6,451	7,877	8,398
Parks and Recreation	-	-	26
Non-departmental	-	1,180	750
Less: Citywide Savings	-	-	-
Debt Costs	641	809	868
Total Expenditures	16,743	17,480	18,592
Operating Transfers Out	813	702	917
Transfers to Reserves	-	-	-
Total Use of Resources	17,556	18,182	19,509
Ending Fund Balance	16,605	13,867	11,796

Redevelopment Agency Funds

The Fremont Redevelopment Agency is a separate legal entity from the City of Fremont (the City Council serves as the Board of the Redevelopment Agency). The Agency is responsible for implementing the adopted Redevelopment Plans in the Centerville, Irvington, Niles, and Industrial redevelopment project areas. The City Manager is also the Executive Director of the Redevelopment Agency, and the Office of Housing and Redevelopment is the staff division responsible for managing the implementation of the Redevelopment Plans.

Sources of Revenue

The Redevelopment Agency receives property tax increment revenues to fund its programs and projects. Property tax increment generally consists of the incremental property tax revenues that are generated by increasing property values in each of the project areas since the Redevelopment Plans were established. Twenty percent of the Redevelopment Agency's property tax increment revenues (Housing Set-Aside Revenues) are set aside to be used exclusively on affordable housing activities. The projection of FY 2008/09 revenue is cautious, anticipating possible impacts from assessed valuation appeals in the Industrial redevelopment project area and modest property value increases in historic districts, as well as a lower amount of investment earnings due to declining interest rates.

The Redevelopment Agency has also issued bonds to support its activities. The debt service on these bonds is paid from and secured by property tax increment revenues.

Uses of Revenue

Redevelopment Agency funds can only be used for eligible activities as outlined in California Redevelopment Law (CRL) in two primary categories: Affordable Housing activities and Redevelopment activities. The FY 2008/09 Redevelopment Agency budget reflects proposed expenditures in the following funds.

Affordable Housing Fund

This is the FY 2008/09 budget authority for the use of Housing Set-Aside revenues. There are four funds for the Agency's affordable housing activities. Key elements of the Affordable Housing Operating Budget include debt service payments on the 2003 Affordable Housing Bond Issue, administrative expenses, and projected capital expenditures on affordable housing projects. Projected capital expenditures include projects to which funds have been appropriated in prior years and are re-appropriated in the current year.

Other Funds | Redevelopment Agency Funds

Redevelopment Operating Fund

This is the FY 2008/09 budget authority for the use of redevelopment (non-housing) revenues. Other key elements of the Redevelopment Operating budget include pass-through payments to taxing agencies (\$8.5 million), administrative expenses, and anticipated expenditures on redevelopment projects.

Debt Service Funds

This is the FY 2008/09 budget authority for the payment of Redevelopment debt service expenses. Property tax increment revenues are received in the Debt Service Funds to support debt service payments on outstanding bonds. Tax increment revenues are also transferred to the Redevelopment Operating Fund, the Redevelopment Capital Fund, and the Affordable Housing Fund to support expenditures on projects and programs.

Bond Proceeds Funds

This is the FY 2008/09 budget authority for the use of bond proceeds from the 2000 Tax Allocation Bond Issue and the 2003 Affordable Housing Bond Issue.

Capital Projects Fund

This is the FY 2008/09 projected capital Redevelopment (non-housing) expenditures of the Agency. Projected capital expenditures include projects to which funds have been appropriated in prior years and are re-appropriated in the current year.

Other Funds | Redevelopment Agency Funds

Redevelopment Funds (RDA)

(Thousands of Dollars)	General	Debt Service	Capital	Bond Proceeds	Housing Bond and Debt Service	Housing Bond Proceeds	Affordable Housing	Eliminating Internal Transfers	Total RDA
Revenues									
Intergovernmental:									
Property Taxes	\$ -	\$ 27,500	\$ -	\$ -	\$ -	\$ -	\$ 6,890	\$ -	\$ 34,390
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-	-	-
Sales & Use Taxes	-	-	-	-	-	-	-	-	-
Vehicle License Fees	-	-	-	-	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-	-	-	-	-
Business License Taxes	-	-	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-
Investment Earnings	800	2,100	-	-	-	-	484	-	3,384
Paramedic Fees	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-
Total Revenues	800	29,600	-	-	-	-	7,374	-	37,774
Total Transfers In	12,000	-	8,500	-	7,499	-	-	(27,999)	-
Resources Available: (Revenues plus Total Transfers In)	12,800	29,600	8,500	-	7,499	-	7,374	(27,999)	37,774
Expenditures									
General Government	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Transportation and Operations	-	-	-	-	-	-	-	-	-
Community Development:									
Planning	-	-	-	-	-	-	-	-	-
Building & Safety	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	-	-
Housing and Redevelopment	11,225	-	8,510	-	-	4,083	4,876	-	28,694
Human Services	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-	-	-	-
Less: Citywide Savings	-	-	-	-	-	-	-	-	-
Debt Costs	-	-	-	-	7,499	-	-	-	7,499
Total Expenditures	11,225	-	8,510	-	7,499	4,083	4,876	-	36,193
Total Transfers Out	210	25,383	-	-	-	-	2,728	(27,999)	322
Resources Used: (Expenditures plus Operating Transfers Out)	11,435	25,383	8,510	-	7,499	4,083	7,604	(27,999)	36,515
Net Results of Operations: (Resources Available less Resources Used)	1,365	4,217	(10)	-	-	(4,083)	(230)	-	1,259
Use of Budget Uncertainty Reserve	-	-	-	-	-	-	-	-	-
Beginning Fund Balance - 6/30/08 (est.)	315	6,310	79	466	2,354	4,083	14,682	n/a	28,289
Fund Balance - 6/30/09 (est.)	\$ 1,680	\$ 10,527	\$ 69	\$ 466	\$ 2,354	\$ -	\$ 14,452	n/a	\$ 29,548

Other Funds | Redevelopment Agency Funds

Redevelopment Funds (RDA)

(Thousands of Dollars)	Budget 06/07	Budget 07/08	Budget 08/09
Beginning Fund Balance	\$ 78,017	\$ 93,437	\$ 28,289
Revenues			
Intergovernmental:			
Property Taxes	28,900	30,777	34,390
State ERAF III Revenue loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales & Use Taxes	-	-	-
Vehicle License Fees	-	-	-
Other Intergovernmental	-	-	-
Business License Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	-	-	-
Fines	-	-	-
Investment Earnings	1,461	3,679	3,384
Paramedic Fees	-	-	-
Sale of Bonds	-	-	-
Other Revenues	800	800	-
Total Revenues	31,161	35,256	37,774
Operating Transfers In	-	-	-
Total Available Resources	109,178	128,693	66,063
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Transportation and Operations	-	-	-
Community Development:			
Planning	-	-	-
Building & Safety	-	-	-
Engineering	-	-	-
Community Preservation	-	-	-
Housing and Redevelopment	54,402	43,230	28,694
Human Services	-	-	-
Parks and Recreation	-	-	-
Non-departmental	-	-	-
Less: Citywide Savings	-	-	-
Debt Costs	7,505	7,499	7,499
Total Expenditures	61,907	50,729	36,193
Operating Transfers Out	250	274	322
Transfers to Reserves	-	-	-
Total Use of Resources	62,157	51,003	36,515
Ending Fund Balance	\$ 47,021	\$ 77,690	\$ 29,548

Capital Funds

The five-year Capital Improvement Program (CIP) was adopted on June 5, 2007, and includes appropriations for projects for FY 2007/08 and FY 2008/09, and estimates for FY 2009/10 through FY 2011/12. These funds are included with the City's operating budget in summary format to present a comprehensive picture of all the City's funds. Additional CIP summary information can be found in the Capital Budget Summary section and the Housing and Redevelopment Department section of this document. The complete capital plan can be found in the City's CIP.

General Fund Group

These funds are transferred from the General Fund and may be used for projects designated by the City Council. The debt service budget for assets acquired using certificates of participation (COPs) is also displayed here.

Vehicle Replacement

Vehicle replacement resources are collected through annual charges to City departments based on their actual vehicle fleet. The charges are intended to provide funding for anticipated vehicle replacement needs in the budget year. Funds not used in one year are retained in the fund for future years, thereby potentially reducing departmental charges in the future.

Gas Tax Funds

Revenue in this fund comes from State gas tax and other sources, such as Measure B sales tax distributions, and can only be used for street maintenance and other traffic improvement projects.

Park Impact Fee Funds

Funds in this group are restricted to acquisition, development, and/or rehabilitation of park land. The Parks and Recreation chapter of the General Plan contains the City's policies, standards, and guidelines for acquisition and development activities eligible for funding with park funds. The City Council has also adopted a Parks and Recreation Master Plan. The FY 2007/08 - FY 2011/12 Capital Improvement Program projects the use of the accumulated fund balance in these funds over the next five years.

Traffic Impact Fee Funds

Traffic impact fees are collected from development projects for streets, intersection improvements, and other infrastructure necessary to mitigate the transportation impacts of new development. These funds come from fees levied on all new development in the City.

Restricted Capital Funds

These funds are included by reference only; the amounts noted show the funds received from various grants that can be used for a specific capital project. All other projects in this group are either partially or fully funded by other funding sources not available for use other than as specified. Refer to the “restricted funds group” detail in the CIP document.

Capital Improvement Funds

(Thousands of Dollars)	General Fund Group	Maintenance	Vehicle Replacement	Gas Tax	Park Facilities	Traffic Impact	Restricted Group	Expenditure Reclass*	Total Projects
Revenues									
Intergovernmental:									
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-	-	-
Sales & Use Taxes	-	-	-	-	-	-	-	-	-
Vehicle License Fees	-	-	-	-	-	-	-	-	-
Other Intergovernmental	-	-	-	8,160	-	-	-	-	8,160
Business License Taxes	-	-	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	1,458	-	-	-	-	(1,458)	-
Fines	-	-	-	-	-	-	-	-	-
Investment Earnings	800	-	170	385	545	420	-	-	2,320
Paramedic Fees	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	20	-	925	1,943	955	-	3,843
Total Revenues	800	-	1,648	8,545	1,470	2,363	955	(1,458)	14,323
Total Transfers In	10,773	-	-	-	-	-	-	-	10,773
Resources Available: (Revenues plus Total Transfers In)	11,573	-	1,648	8,545	1,470	2,363	955	(1,458)	25,096
Expenditures									
General Government	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Transportation and Operations	-	-	-	1,200	-	-	-	-	1,200
Community Development:									
Planning	-	-	-	-	-	-	-	-	-
Building & Safety	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	-	-
Housing and Redevelopment	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Non-departmental	5,455	-	1,808	8,502	5,087	2,562	-	(6,730)	16,684
Less: Citywide Savings	-	-	-	-	-	-	-	-	-
Debt Costs	9,698	-	-	-	-	-	-	-	9,698
Total Expenditures	15,153	-	1,808	9,702	5,087	2,562	-	(6,730)	27,582
Total Transfers Out	-	1,000	-	-	-	-	955	-	1,955
Resources Used: (Expenditures plus Operating Transfers Out)	15,153	1,000	1,808	9,702	5,087	2,562	955	(6,730)	29,537
Net Results of Operations:									
(Resources Available less Resources Used)	(3,580)	(1,000)	(160)	(1,157)	(3,617)	(199)	-	5,272	(4,441)
Use of Budget Uncertainty Reserve	-	-	-	-	-	-	-	-	-
Beginning Fund Balance - 6/30/08 (est.)	4,098	1,000	3,501	1,278	7,490	771	-	n/a	18,138
Fund Balance - 6/30/09 (est.)	\$ 518	\$ -	\$ 3,341	\$ 121	\$ 3,873	\$ 572	\$ -	n.a	\$ 13,697

*NOTE: A portion of Capital Improvement Funds' expenditures are reclassified because costs for design, engineering, and other staff charges to capital projects are budgeted as part of the costs of projects and also included in departments' budgets. Total fund balance does not include available fund balances in restricted fund groups which are contained in the CIP.

Other Funds | Capital Funds

Capital Improvement Funds

(Thousands of Dollars)	Budget 06/07	Budget 07/08	Budget 08/09
Beginning Fund Balance	\$ 18,934	\$ 27,528	\$ 18,138
Revenues			
Intergovernmental:			
Property Taxes	-	-	-
State ERAF III Revenue loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales & Use Taxes	-	-	-
Vehicle License Fees	-	-	-
Other Intergovernmental	5,485	5,891	8,160
Business License Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	2,484	2,671	-
Fines	-	-	-
Investment Earnings	1,367	2,225	2,320
Paramedic Fees	-	-	-
Other Revenues	2,319	3,822	3,843
Total Revenues	11,655	14,609	14,323
Operating Transfers In	35,412	39,135	10,773
Total Available Resources	66,001	81,272	43,234
Expenditures			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Transportation and Operations	18,042	24,167	1,200
Community Development:			
Planning	-	-	-
Building & Safety	-	-	-
Engineering	-	-	-
Community Preservation	-	-	-
Housing and Redevelopment	-	-	-
Human Services	-	-	-
Parks and Recreation	4,522	-	-
Non-departmental	5,108	20,115	16,684
Less: Citywide Savings	-	-	-
Debt Costs	7,813	8,695	9,698
Total Expenditures	35,485	52,977	27,582
Operating Transfers Out	5,826	3,700	1,955
Transfers to Reserves	-	-	-
Total Use of Resources	41,311	56,677	29,537
Ending Fund Balance	\$ 24,690	\$ 24,595	\$ 13,697

Capital Budget Summary

Capital Budget Summary

The unitalicized text that follows is excerpted from the FY 2007/08 – 2011/12 Adopted Capital Improvement Program (CIP) dated June 5, 2007. This City Council adopted document is a two-year program/plan. Any updates are shown in italics.

The Capital Improvement Program (CIP) budget is developed every two years. This year's CIP forecasts and allocates the resources the City will use to build and maintain its infrastructure between FY 2007/08 and FY 2011/12. The plan appropriates money for capital projects and the maintenance of existing infrastructure for two years, but it defines a plan that looks forward five years. The CIP is a budget, but it is also a tool to facilitate strategic thought and comprehensive capital planning. The structure of this process provides the opportunity to finance capital infrastructure and maintenance, to balance the City's needs and priorities for a five-year period, and to develop a plan that is strategic, comprehensive, and flexible. This summary introduces the FY 2007/08 – 2011/12 CIP, provides the context of the plan development, highlights several projects, and explains key components of the plan.

The investment in and maintenance of the City's physical infrastructure continues to be a priority of the City. The development of this year's CIP reflects the recent modest increases in City revenues due in large part to retail development projects such as Pacific Commons. It also includes a one-time \$4.1 million contribution to Fund 501 resulting from the sale of the Canyon Heights Property, as well as increases in Proposition 42 revenues. As such, Fremont is in a somewhat better financial position than it was two years ago, and the Capital Improvement Program reflects this situation. The FY 2007/08 – 2011/12 CIP provides increased funding for citywide playground equipment replacement, which will improve the recreation experience for Fremont residents while at the same time making it safer, and for the first time in a few years, Fremont will be able to develop new parks. The City's streets and roads will also receive increases in funding as compared to previous capital plans.

However, the fact remains that the City's basic capital needs far exceed available resources and the City still faces a shortfall in funding for maintenance of its infrastructure. The State continues to challenge the City's ability to effectively plan for the maintenance of its assets by continuing to manipulate funding sources such as sales tax and property tax revenues (e.g., the "triple flip"). This capital plan does not sufficiently fund core maintenance needs, including street overlays, despite allocating more resources to it than in the previous CIP, and does not leave enough funds available to fully respond to some key citizen interests, such as neighborhood traffic calming.

City staff and the City Council have had to meet the challenge of maintaining the City's asset base in this current fiscal environment given the growth of this base over the past 15 years. As the City continues to develop and as these assets age, the challenge will be to fund ongoing maintenance of these assets. Although supported by modestly increased revenues over the last fiscal year, this capital plan still presents challenges with respect to simply maintaining the status quo. For example, the capital plan includes \$14.3 million over five years for street overlays. While this amount is an improvement over previous capital plans, the pavement budget would need to be funded at over \$12 million each year to adequately ensure that the City's road maintenance standard is maintained over time.

Capital Budget Summary | Capital Budget Summary

In addition to the ongoing maintenance of the City's physical infrastructure, the list of unfunded capital needs continues to grow. The funding challenges reflected in this plan have forced the City to continue to hold off on developing projects such as a third senior/community center, various street improvement projects, and other community amenities. The primary emphasis of this CIP is maintaining the City's existing assets.

The City continues to receive mixed signals about the economy, and although we remain cautiously optimistic about our revenue growth, the threat of State takeaways and the potential for economic volatility require the City to carefully and prudently target capital spending. In spite of these challenges, the City will move forward with a significant capital work program, focused primarily on major maintenance items, resulting from a variety of restricted capital funding sources, including gas tax, development impact fees, and other sources. The FY 2007/08 – 2011/12 CIP programs approximately \$171 million of funds for capital projects over the next five years and Fremont residents will benefit from the improvements to parks, roads, and public buildings proposed in this document.

CIP Funding Sources

CIP programs are funded from a variety of sources: the General Fund, Gas Tax funds, Park funds, Traffic Impact Fee funds, and a variety of restricted capital funds. The CIP reflects the City's investment in capital assets.

General Fund: The General Fund portion of the CIP (Fund 501) is unrestricted and can be used for any project designated by the City Council. This portion of the CIP budget draws funding from a variety of sources, including the City's General Fund, interest earnings, fund transfers, unappropriated fund balance, and proceeds from unexpended funds from project closeouts. Staff estimates this fund group will have approximately \$25.7 million available over the next five years for capital projects. This includes \$5.7 million in estimated beginning fund balance (of which \$4.1 million is from the previous sale of the Canyon Heights property), new revenues of \$16.7 million, and estimated interest earnings of \$3.3 million. The new revenues consist of contributions from the City's General Fund (\$12.6 million) and the Budget Uncertainty Reserve (\$4.1 million). Of the City's \$12.6 million General Fund contribution, \$1 million continues to be set aside in each year of the plan for the development of the City's Downtown (Capitol Avenue project), and \$7.6 million is available for other capital projects, including a one-time \$1.5 million transfer specifically for street maintenance. *(Note: The \$1 million contribution from the General Fund for the Downtown/Capitol Avenue Project was suspended in both FY 2007/08 and FY 2008/09.)*

Gas Tax Fund Group: Revenue in this fund group comes from the City's share of the State-collected gasoline taxes and funds from the Measure B half-cent sales tax for transportation-related expenditures. The City can only use these funds for street maintenance and other transportation improvement projects. Staff estimates that this fund group will have approximately \$45.6 million available over the next five years for capital projects. This includes \$39.0 million in new revenues, \$4.8 million in estimated beginning fund balance, and \$1.7 million in interest earnings. Although these revenue estimates are 25% higher than the last CIP cycle, the funds still do not adequately meet Fremont's roads and infrastructure needs. Additionally, the fact that gasoline taxes are not indexed to inflation

and have not seen a rate increase since 1991 hampers the ability of revenues to keep up with annual project and operating cost increases.

Traffic Impact Fee (TIF): This fund group accounts for monies received from developers to mitigate impacts on the City's transportation networks resulting from new development. The funds reflect new development's share of the cost of street improvements, interchanges, and other traffic infrastructure improvements. The City Council sets the fee amounts to be charged on all new development within the City on a dollar per dwelling unit or dollar per square foot basis. Over the next five years, staff estimates that the total available resources for this fund group will be \$12.0 million. Staff based this estimate on projected residential and non-residential construction activity and interest earnings over the next five years. Year to year, the traffic impact fee fund amount available is variable based on development activity.

Bike & Pedestrian Fund Group: This fund group accounts for Alameda County Measure B revenues dedicated to bicycle and pedestrian projects only. The City can only use these funds for transportation improvement projects that positively affect the flow of bicycle and pedestrian traffic throughout the City. Staff estimates that this fund group will have approximately \$3.0 million available over the next five years for capital projects. This includes \$2.7 million in new revenues, \$190,000 in estimated beginning fund balance, and \$180,000 in interest earnings.

Park Development Impact Fees: This fund group accounts for monies received from developers to mitigate impacts on the parks system resulting from new development. The City Council sets the fee amounts to be charged on all new residential development within the City on a per dwelling unit basis. According to State law, these funds can only be used to expand existing parks or to develop newly acquired parkland. New fees are projected to generate \$4.6 million in revenue over the next five years and interest earnings are anticipated to yield \$2.6 million. Staff has based revenue estimates on projected residential construction activity over the next five years. This fund is projected to have approximately \$16.5 million available over the five-year CIP period, including \$9.3 million in beginning fund balance, which is programmed to fund park development projects.

Park Dedication In Lieu Fees: This fund group accounts for monies received from developers to acquire additional parkland within the City. The City Council sets the fee amounts to be charged on all new residential development within the City on a per dwelling unit basis. Beginning fund balance is approximately \$8.3 million, while new fees and interest earnings are projected to generate \$6.9 million and \$0.9 million, respectively. Based on staff estimates, this fund will have approximately \$16.1 million available over the five-year CIP period to acquire parkland. This plan does not include appropriations for acquisition of any specific projects or potential park sites during the next five years. The City will hold the funds in an account for an opportunity for site acquisition. Whenever desirable sites are available for acquisition, staff will return to the City Council for consideration and appropriation authority.

Redevelopment Agency Fund Group: This fund group includes revenue available from the City's Redevelopment Agency to pay for its capital projects. The major sources of revenues in this fund group are from property tax increment and proceeds from the issuance of tax allocation bonds issued by the Redevelopment Agency. This fund group is projected to have approximately \$13.5 million in

Capital Budget Summary | Capital Budget Summary

available resources over the five-year CIP period. In addition, the Agency will allocate approximately \$17.5 million to affordable housing efforts.

Committed/Restricted Fund Group: This fund group accounts for funds the City projects to receive from State, federal, and other agencies to fully or partially fund specific capital projects. It also includes internal restricted City funds available for specified purposes within the plan. Total available funding included in this group is estimated at \$7.0 million, consisting of \$1.8 million in beginning fund balance, \$5.0 million in revenues, and \$0.2 million in interest. Some of the funds available in this group include Urban Runoff Clean Water funds for water quality projects and funds from the Family Resource Center for significant maintenance projects. These outside funding sources help to relieve the pressure on other available CIP funding sources.

Debt Fund Group: This fund group accounts for debt proceeds for construction of various capital facilities and major equipment purchases approved as a part of the CIP. Debt in the amount of \$21.7 million is proposed to be issued for projects in this group over the first two years of this CIP, including the construction of new Fire Station #11 and the acquisition of major fire apparatus. The issuance of this debt will be in accordance with the Council-adopted long-term capital debt policy, and repayment of the debt will be funded by the General Fund.

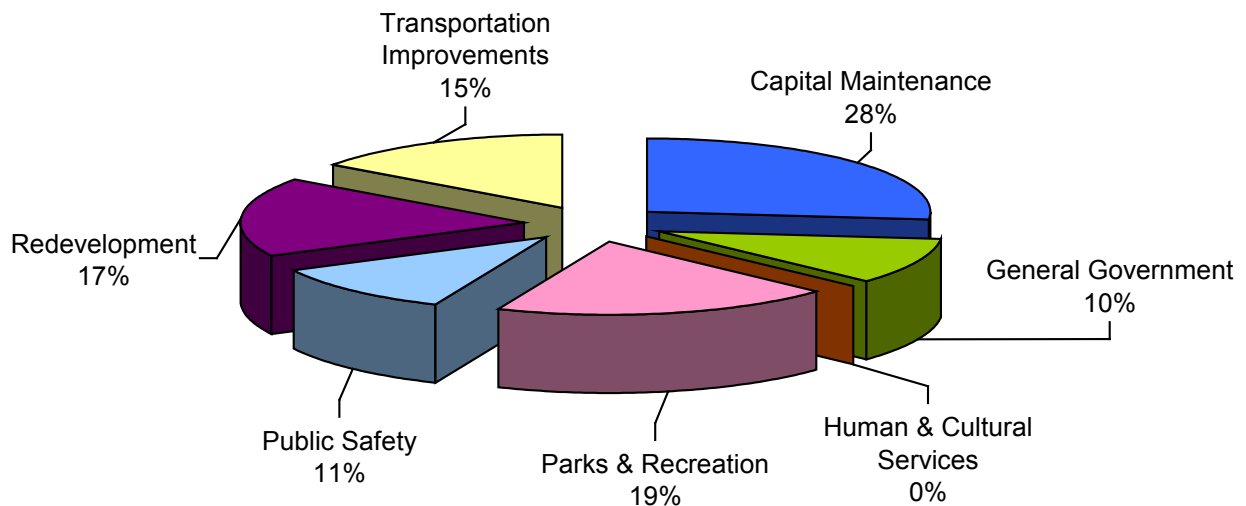
The City of Fremont will continue to face challenges in finding the resources to build and maintain its capital infrastructure at a level that is acceptable to those who live and work in the City. The CIP appropriates funds for two years, and provides a plan to follow as the City considers years beyond FY 2008/09. The process to update the plan biannually provides the City Council with a regular opportunity to consider these challenges, and to consider options for addressing them. Despite the funding limitations associated with the plan, the City will proceed with the aggressive capital work program outlined in the FY 2007/08–2011/12 CIP, so that it can continue to be recognized as one of the Bay Area’s strongest, healthiest, and most innovative communities.

Capital Improvement Project Highlights

Within the CIP, projects are categorized by major funding sources and among seven programs: Public Safety, Capital Maintenance, Transportation Improvements, Parks and Recreation, Redevelopment, Human and Cultural Services, and General Government. The chart below shows that the largest share of the CIP budget, 28%, supports maintenance of the City's infrastructure.

The following section provides an excerpt of key projects within each program category except for Redevelopment (those projects are included in the Housing and Redevelopment department section). Information about CIP funds summarized in the operating budget can be found in the Other Funds section of this document. A comprehensive list of projects is available in the adopted CIP for fiscal years 2007/08 through 2011/12.

CIP FY 2007/08 - 2011/12
Distribution of Funding by Program Category
Total: \$174,450,000



Capital Budget Summary | Capital Improvement Project Highlights

Public Safety

1. **Title:** Fire Station #11

SubProgram: Fire

Project Description: Construction of a new fire station at 47200 Lakeview Boulevard in the Industrial area to meet stated response time goals.

Funding Source: Issuance of debt

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$1,000,000	\$7,500,000	\$0	\$0	\$0	\$8,500,000

2. **Title:** Fire Department Apparatus Replacement: Phase 3 and Phase 4

SubProgram: Fire

Project Description: Replacement of Fire Department apparatus.

Funding Source: Issuance of debt

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
Phase 3	\$3,828,344	\$0	\$0	\$0	\$0	\$3,828,344
Phase 4	\$ 752,100	\$1,581,000	\$0	\$0	\$0	\$2,333,100

3. **Title:** Police Building Seismic Retrofit

SubProgram: Police

Project Description: Seismic retrofit/renovations of police building.

Funding Source: Issuance of debt

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$3,540,000	\$0	\$0	\$0	\$0	\$3,540,000



Fire Department Apparatus Replacement



Police Building Seismic Retrofit

Capital Budget Summary | Capital Improvement Project Highlights

Capital Maintenance

1. **Title:** Cape Sealing

SubProgram: Streets/Infrastructure

Project Description: Apply asphalt emulsions to street surfaces to seal the surface.

Funding Source: ACTIA Measure B Local Streets

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$760,000	\$800,000	\$850,000	\$900,000	\$950,000	\$4,260,000

2. **Title:** Concrete Repair Program, Citywide

SubProgram: Streets/Infrastructure

Project Description: Existing annual project for reconstruction of curbs, gutters, sidewalks, driveway approaches, and installation of handicap ramps where sidewalk replacement is required at two or more quadrants of an intersection.

Funding Source(s): General Fund (501)

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$825,000	\$800,000	\$0	\$0	\$0	\$1,625,000

3. **Title:** Sabercat Creek Water Quality Improvement Projects

SubProgram: Capital Maintenance

Project Description: Water quality improvement projects including bank restoration, erosion control, riparian planting, cattle fencing, and improved public access.

Funding Source: Urban Runoff/Clean Water

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$300,000	\$50,000	\$50,000	\$50,000	\$50,000	\$500,000



Residential Asphalt Patching



Sabercat Creek Water Quality Improvement Project

Capital Budget Summary | Capital Improvement Project Highlights

4. **Title:** Public Buildings – Capital Replacements and Major Maintenance Repair

SubProgram: Buildings

Project Description: Annual project to fund major maintenance repair and replacement work on City buildings such as roof restorations or replacements, HVAC systems, floor coverings, boiler replacements, and painting.

Funding Source: General Fund (501)

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,500,000

5. **Title:** Slurry Sealing

SubProgram: Streets/Infrastructure

Project Description: Seal selected street surfaces with an asphalt/sand mixture.

Funding Source: Proposition 42 Traffic Congestion Relief Fund (526)

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$500,000	\$550,000	\$600,000	\$650,000	\$700,000	\$3,000,000

6. **Title:** Street Overlays

SubProgram: Streets/Infrastructure

Project Description: Apply asphalt overlay on selected streets throughout the City.

Funding Source(s): State Gas Tax 2107
State Gas Tax 2105
General Fund (501)
ACTIA Measure B Local Streets
County Support Fund for City Streets
Proposition 42 Traffic Congestion Relief Fund (526)
ACTIA Measure B Local Distribution
Proposition 1B Local Streets and Roads Funds

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$6,154,439	\$2,850,000	\$2,850,000	\$2,900,000	\$2,950,000	\$17,704,439

Capital Budget Summary | Capital Improvement Project Highlights

Transportation Improvements

1. **Title:** Blacow Road/Grimmer Boulevard Intersection Improvements

SubProgram: Intersection Improvements

Project Description: Modify medians, islands, and signals to provide dual left turn lanes.

Funding Source: Traffic Impact Fee

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$200,000	\$500,000	\$100,000	\$0	\$0	\$800,000

2. **Title:** Fremont Boulevard Improvements – South of Cushing

SubProgram: Street Improvements

Project Description: Widen Fremont Boulevard to accommodate two lanes of traffic in the northbound direction, three lanes of traffic in the southbound direction, with a raised median and bike lanes.

Funding Source: Traffic Impact Fee

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$300,000	\$950,000	\$1,275,000	\$1,475,000	\$0	\$4,000,000



Fremont Boulevard Improvements

3. **Title:** Fremont Boulevard/Walnut Avenue Intersection Improvements

SubProgram: Intersection Improvements

Project Description: Modify median, islands, and signals to provide dual left turn lanes.

Funding Source: Traffic Impact Fee

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$800,000	\$0	\$0	\$0	\$0	\$800,000

Capital Budget Summary | Capital Improvement Project Highlights

4. Title: Neighborhood Traffic Calming Projects

SubProgram: Traffic Improvement

Project Description: Install speed control devices such as traffic circles, chicanes, center islands and chokers on priority neighborhood streets.

Funding Source: General Fund (501)

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$200,000	\$0	\$0	\$0	\$0	\$200,000

5. Title: Washington Grade Separation

SubProgram: Bridges and Overpasses

Project Description: Construction of grade separations (underpass at Paseo Padre Parkway and overpass at Washington Boulevard) at the Union Pacific Railroad tracks and proposed BART extension.

Funding Source(s): Traffic Impact Fee
Traffic Congestion Relief Program Grant
State Grade Separation Grant
State Transportation Improvement Program
Union Pacific Railroad
Metropolitan Transportation Commission
Alameda County Congestion Management Agency
Alameda County Transportation Authority
Fremont Redevelopment Agency
Gas Tax Fund (501)

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$350,000	\$350,000	\$600,000	\$0	\$0	\$1,300,000



Washington Grade Separation

Capital Budget Summary | Capital Improvement Project Highlights

6. **Title:** Niles Boulevard Roadway Improvements

SubProgram: Street Improvements

Project Description: Reconstruct roadway section, construct new curb and gutter along frontage and construct new ADA compliant curb ramps between Sullivan Road Underpass and the Nursery.

Funding Source(s): State Gas Tax 2106
State Gas Tax 2105
ACTIA Measure B Local Streets
Proposition 42 Traffic Congestion Relief Fund (526)

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$300,000	\$2,490,000	\$0	\$0	\$0	\$2,790,000

Parks & Recreation

1. **Title:** Centerville Community Park Improvements

SubProgram: Other Parks

Project Description: Develop 9.88 acres of Centerville Community Park to citywide park standards.

Funding Source: Park Facility Impact Fee (after July 1995)

Project Cost:

2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
\$2,700,000	\$0	\$0	\$0	\$0	\$2,700,000



Centerville Community Park Improvements

Capital Budget Summary | Capital Improvement Project Highlights

2. **Title:** Citywide Playground Equipment Replacement

SubProgram: Other Parks

Project Description: Replace the play equipment at the following sites, which are listed in priority order of importance:

1. Central Park – Kennedy Play Area
2. Central Park East – Soccer Field Play Area
3. Irvington Community Park – Lower Play Area
4. Northgate Community Park – Play equipment for 2-5 year olds
5. Karl Nordvik Park – retrofit non-compliant and hazardous pieces of equipment and replace gravel surfacing with fibar
6. Blacow Neighborhood Park
7. California Terrace Mini-Park
8. Westridge Neighborhood Park
9. David Jones Neighborhood Park (could potentially be retrofitted instead of replaced)
10. Brookvale Neighborhood Park

Funding Source: General Fund (501)

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$850,000	\$850,000	\$0	\$0	\$0	\$1,700,000

3. **Title:** Permanent Skate Park

SubProgram: Central Park

Project Description: Construct a permanent skate park in Central Park.

Funding Source(s): Park Facility Impact Fee (through July 1995)

Park Facility Impact Fee (after July 1995)

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$0	\$300,000	\$1,530,000	\$0	\$0	\$1,830,000



Permanent Skate Park

Capital Budget Summary | Capital Improvement Project Highlights

General Government

1. **Title:** Citywide Communication Upgrade (Police, Fire, Maintenance)

SubProgram: General Government

Project Description: Replace various communications equipment for Police, Fire, and Maintenance, such as portable radios, batteries, stationary battery chargers, and vehicle-mounted battery chargers.

Funding Source: General Fund (501)

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$700,000	\$1,500,000	\$1,200,000	\$1,200,000	\$1,100,000	\$5,700,000

2. **Title:** Downtown Plan

SubProgram: General Government

Project Description: Implementation of the Central Business District (CBD) Concept Plan, including streetscape, parking, and signage improvements in the CBD, development of a retail attraction program, and physical improvements to link the CBD with the BART station.

Funding Source: General Fund (501)

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000



Downtown Plan

Capital Budget Summary | Capital Improvement Project Highlights

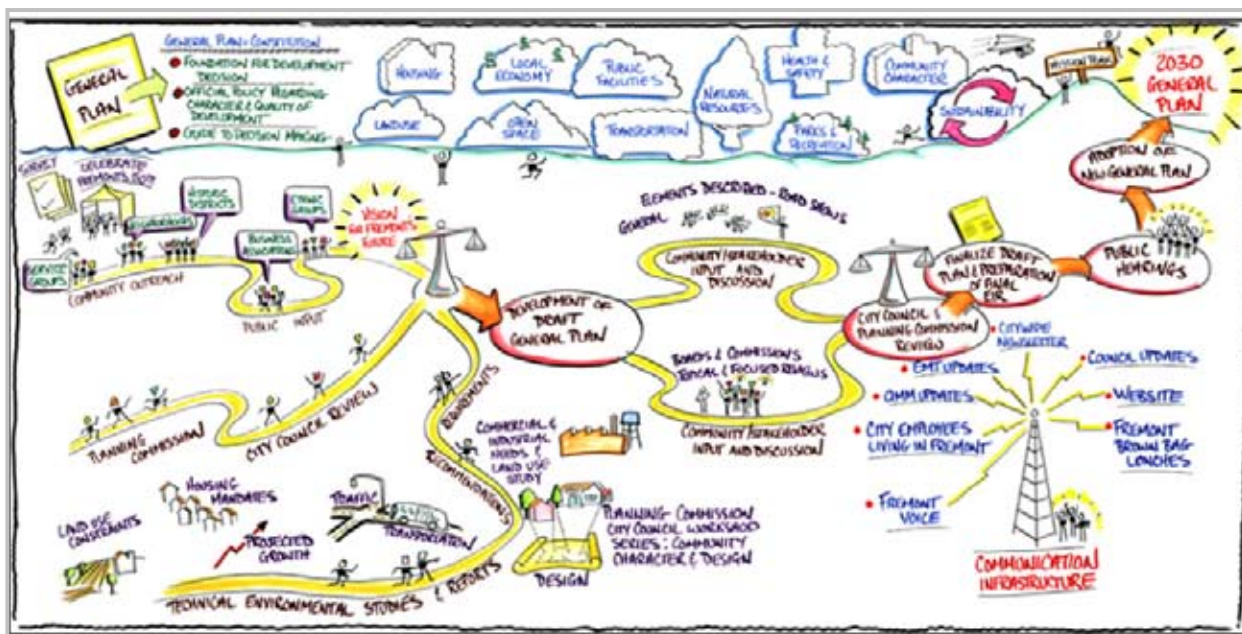
3. Title: General Plan Update

SubProgram: General Government

Project Description: A comprehensive update of the following Elements of the General Plan: Transportation, Land Use, Health and Safety, Open Space, Natural Resources, and Public Facilities (not included: Housing and Parks and Recreation)

Funding Source(s): General Fund (501)
Integrated Waste Management
Community Planning Fee

Project Cost:	2007-08	2008-09	2009-10	2010-11	2011-12	Five Year Total
	\$175,000	\$0	\$225,000	\$0	\$0	\$400,000



General Plan Update

Department Budgets

City Council

Vision:

Fremont, in the year 2020, will be a globally connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.

Long-term Outcomes for the City of Fremont

1. Dynamic local economy: A diverse, strong, and adaptable economy where businesses can be successful in the global economy and where residents and visitors can enjoy high-quality commercial amenities.
2. An engaged and connected multicultural community: Strong relationships among people of all cultures and backgrounds to foster democratic community leadership and commitment to a flourishing Fremont.
3. Thriving neighborhoods: Safe and distinctive commercial and residential areas where people know each other, are engaged in their community, and take pride in their neighborhoods. Make Fremont a great place to raise children.
4. Live and work in Fremont: A range of housing to match the variety of jobs in Fremont enabling people to live and work locally throughout their lives.
5. Interesting places and things to do: Places of interest throughout the community where people want to gather, socialize, recreate, shop, and dine.
6. Effective transportation systems: A variety of transportation networks that make travel easy throughout Fremont.

City Council Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 131,241	\$ 125,608	\$ 134,712	\$ 134,712	\$ 134,712	\$ 135,036
Operating Expenditures	133,118	121,565	115,777	115,777	103,620	168,692
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	5,928	-	-	-	-	-
Totals	\$ 270,287	\$ 247,173	\$ 250,489	\$ 250,489	\$ 238,332	\$ 303,728

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget 27.4%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

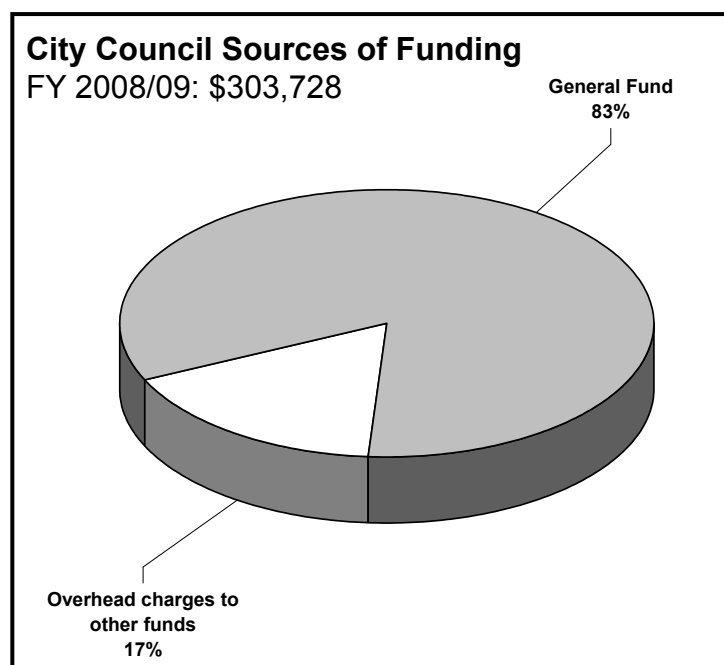
Department Budgets | City Council

Key City Priorities

1. Baseball Village Project: Negotiate business terms and process an application, upon receipt, for a Ballpark Village and stadium development.
2. Significant Capital Projects: Successfully undertake a variety of important capital projects throughout the City, including, but not limited to: Niles Town Plaza, Bicentennial Park, Bay Street, Fire Bond projects, and the Washington Boulevard/Paseo Padre Parkway grade separation.
3. General Plan Update: Undertake an update to the General Plan (adopted 1991), including revisions and updates to all required elements, plus the addition of new elements including one on community character and another on sustainable development.
4. Centerville: Undertake a public/private development project for the Centerville Unified site (located on Fremont Boulevard, south of Thornton Avenue).
5. BART to San Jose: Facilitate the BART extension to Warm Springs and San Jose by working with partner agencies to secure full funding for the extensions.
6. Downtown: Create a vibrant downtown Fremont that includes a mix of retail, residences and restaurants.
7. Economic Development: Recruit new retail and restaurants to Fremont; work to retain and expand current businesses.

Major Changes for FY 2008/09

The FY 2008/09 City Council budget is \$303,728, which represents an increase of \$65,396 (or 27.4%) over the FY 2007/08 adopted budget. City Council salaries are set by Council ordinance (FMC Section 2-1103) and are not increasing. The slight increase in the salary and benefits expenditure category is attributable to a slight change in benefits costs. The 63% increase in operating expenditures primarily consists of consolidating the costs of association memberships related to regional organizations from the City Manager's budget and the Non-Departmental budgets to the City Council's budget.



Community Development

Mission:

To preserve and construct high-quality development and enhance the natural and historic environment within Fremont through cooperative partnerships and timely and efficient responses to customer requests.

Description of Responsibilities and Services

The Community Development Department provides community planning; engineering design, development, and inspection of public facilities; community preservation; building permit and construction inspection; and affordable housing and redevelopment services. Together with the community, the department works to implement the goals of the City as referenced through the General Plan, area concept plans, and Council direction. The department further assists the community in meeting all development requirements. The department activities reflect the community's desire to preserve its open space and hillsides, design and develop parks, maintain the community's historic centers and character, and build high-quality residential and commercial development in targeted areas throughout the City. In keeping with the Sustainability policy adopted by City Council in 2006, the department continually seeks opportunities to encourage sustainable development and "Green Building" construction measures.



Community Development
Historical Expenditures/Budget, by Major Service Area

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Planning	\$ 3,274,599	\$ 3,866,191	\$ 4,510,958	\$ 4,510,959	\$ 4,395,264	\$ 5,186,776
Building and Safety	4,952,103	5,345,544	5,771,944	6,364,588	6,212,285	6,497,445
Engineering	7,979,380	6,825,078	7,143,289	7,239,306	7,129,839	7,909,627
Community Preservation	588,226	638,175	692,625	751,713	746,713	746,426
Total Community Development	\$ 16,794,308	\$ 16,674,988	\$ 18,118,816	\$ 18,866,566	\$ 18,484,101	\$ 20,340,274

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Department Budgets | Community Development

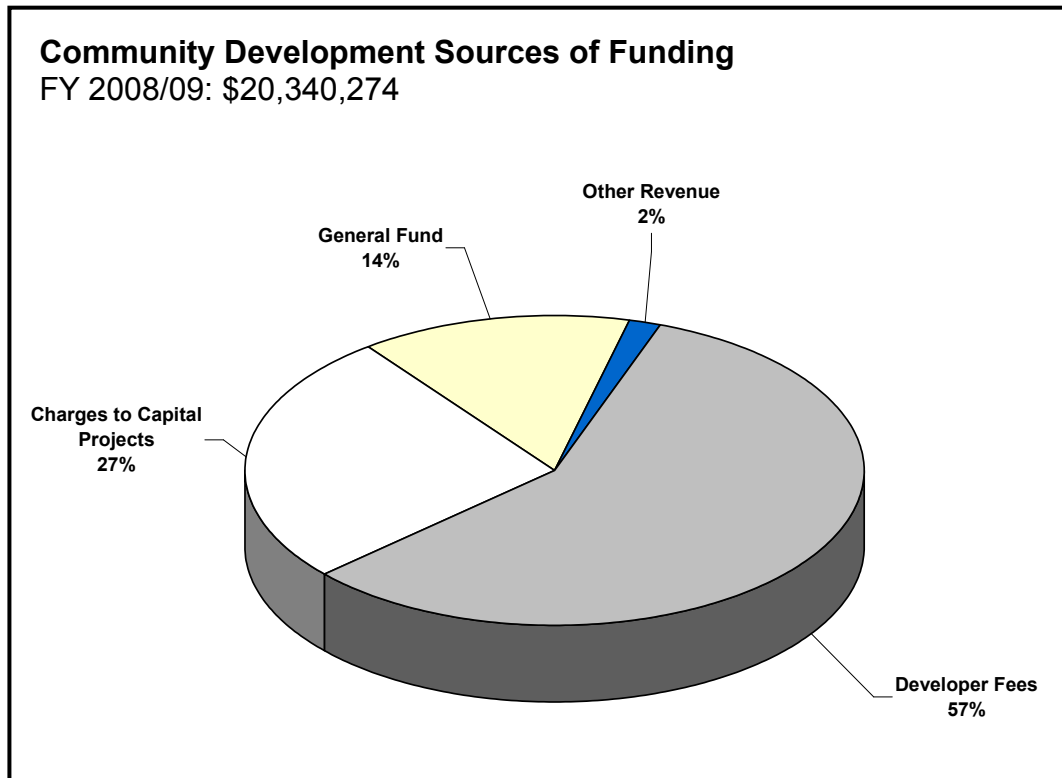
Special Projects

1. Complete the update to the City's General Plan by summer 2009 reflecting extensive community input, technical studies, and direction from the Planning Commission and City Council.
2. Expand electronic plan checking to additional customers to increase efficiency of plan review and reduce costs to the customer.
3. Enhance customer service by improving public access to development and permitting information on the City's website, including the implementation of technology to allow online permitting.
4. Complete the multi-family design guidelines for residential development projects in 2008 to ensure that new multi-family development is compatible with existing development and is an asset to the overall community.
5. Facilitate development of the Centerville Unified Site with a community and Agency supported project that is well integrated into Centerville and helps revitalize and strengthen the base of the district. Identify a financially supportable mix of uses and site plan, and negotiate development terms.
6. Oversee the completion of the Niles Town Plaza construction by fall 2009.
7. Maintain the character of existing residential neighborhoods by developing Design Review Guidelines that further address neighborhood concerns regarding large homes in 2009. This effort supplements the City's adoption of a review requirement for two-story homes and second story additions in 2007.
8. Complete the update of the City's Williamson Act policies and ordinances consistent with the findings of the State Department of Conservation audit by the end of 2008.
9. Improve the user friendliness of the City's sign regulations, considering provisions suggested by the Fremont Chamber of Commerce, in an update of the Sign Ordinance by early 2009.
10. Complete the update of the City's Wireless Telecommunications Ordinance consistent with the provisions of the Hill Area Initiative and current State regulations by early 2009.
11. Proactively address the issue of potential hazards and blight caused by unpermitted repairs or failing pre-cast walls that abut City streets.
12. Partner with the Association of Bay Area Governments (ABAG) Energy Watch program to implement energy efficiency improvements in City buildings and operations in order to reduce greenhouse gas emissions and cut utility costs.



Department Budgets | Community Development

13. Construct public safety projects, including Fire Stations 2, 3, and 6, the Fire Training Centers, and the Police Firing Range by 2009, as well as complete construction of Fire Station 11 by the end of 2010.
14. Implement strategies to improve the development processes, from project submittal through construction completion, that increase staff efficiency and customer satisfaction, and result in high-quality development.



Department Budgets | Community Development

Community Development Historical Expenditures/Budget, by Category						
	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 13,355,846	\$ 12,862,731	\$ 13,767,291	\$ 14,739,648	\$ 14,442,875	\$ 15,728,629
Operating Expenditures	641,134	787,888	1,050,411	738,752	677,350	984,482
Capital Expenditures	19,930	61,773	50,615	70,790	46,500	67,605
Indirect Expense Allocation**	2,777,398	2,962,596	3,250,499	3,317,376	3,317,376	3,559,558
Totals	\$ 16,794,308	\$ 16,674,988	\$ 18,118,816	\$ 18,866,566	\$ 18,484,101	\$ 20,340,274
% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget						10.0%
<p>* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.</p> <p>** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.</p>						

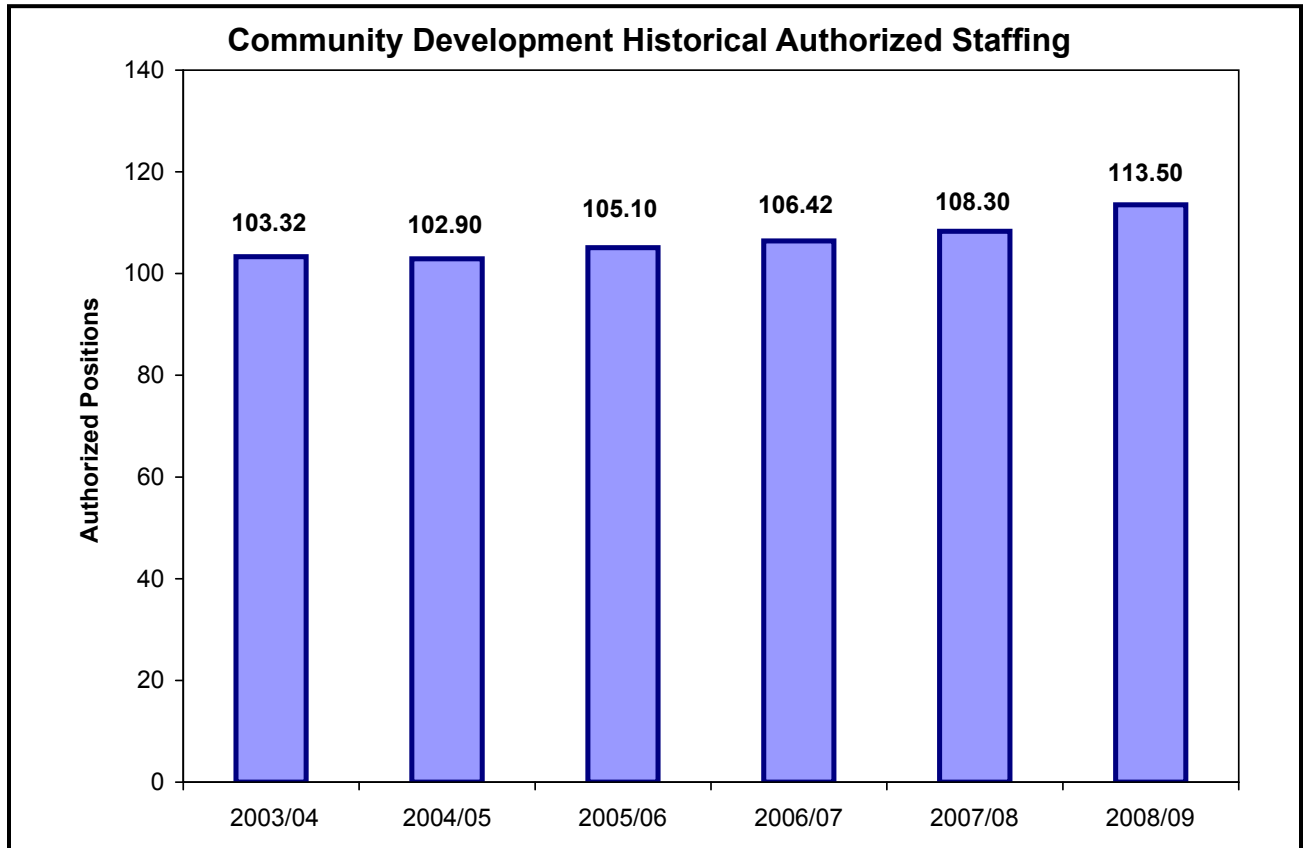
Major Changes for FY 2008/09

The FY 2008/09 budget is \$20,340,274, which is \$1,856,173 (or 10.0%) more than the FY 2007/08 adopted budget. For FY 2008/09, the number of authorized positions is increasing by 5.2 FTEs (full-time equivalents), which are all new positions that were added to work on the proposed A's baseball stadium/ballpark village project. This change does not result in any net increase in costs to the cost center or the General Fund because these positions will be funded by developer fees. This increase is partially offset by a 0.3 FTE decrease because a larger portion of the Community Development Director's position is now included in Housing and Redevelopment to more accurately account for time spent on Redevelopment Agency activities. The budget includes increases in employee salaries and benefits costs based on negotiated cost of living adjustments with employee bargaining units, including those approved after the FY 2007/08 budget was adopted.

Operating expenses are increasing by 45% compared to the FY 2007/08 adopted budget, due to increased consulting contracts associated with the A's baseball stadium/Ballpark Village project. These increased costs are covered by fees.

The capital expenditure category fluctuates annually depending on equipment purchase needs.

The indirect expense category is increasing consistent with the overall increase in City costs in this category.



Department Budgets | Community Development

Staffing by Function FY 2008/09

113.50 Permanent Full-Time Equivalents

Community Development

Building & Safety

Community Development Director	0.25
Community Development Deputy Director	0.25
Building & Safety Manager	0.925
Plans & Permits Manager	1.00
Senior Structural Plan Check Engineer	1.00
Supervising Building Inspector	3.00
Plan Check Engineer	6.00
Management Analyst II	0.166
Development Services Supervisor	1.00
Building Inspector Specialist	6.00
Building Inspector	9.00
Senior Development Services Technician	1.00
Development Services Technician II	2.00
Senior Office Specialist	1.00
Office Specialist II	1.60

Community Preservation

Building & Safety Manager	0.075
Community Preservation Manager	1.00
Code Enforcement Officer II	5.00

Engineering

Community Development Director	0.25
Community Development Deputy Director	0.25
City Engineer	1.00
Dev & Construction Services Manager	0.50
Senior Civil Engineer	4.00
Senior Landscape Architect	1.00
Real Property Manager	1.00
Real Property Agent	2.00
Associate Civil Engineer	6.00
Facilities Design/Construction	
Project Supervisor III	1.00
Supervising Construction Coordinator	2.00
Management Analyst II	0.167
Civil Engineer II	6.00
Facilities Design/Construction	
Project Supervisor II	1.00
Assoc. Landscape Architect	3.00
Senior Engineering Specialist	1.00
Senior Construction Inspector	4.00
Chief of Party	1.00
Construction Inspector	3.00
Landscape Architect/Designer II	1.00
Construction Materials Inspector	1.00
Survey Instrument Operator	1.00
Senior Executive Assistant	1.00
Office Specialist II	3.00

Planning

Community Development Director	0.25	Development Services Supervisor	1.00
Community Development Deputy Director	0.25	Associate Planner	8.00
Planning Director	1.00	Planner II	2.00
Dev & Construction Services Manager	0.50	Executive Assistant	1.00
Community Dev Special Project Manager	0.50	Senior Development Services Technician	1.00
Senior Planner	3.00	Zoning Technician	3.00
Associate Civil Engineer	1.00	Senior Office Specialist	2.00
Information Systems Appl Specialist III	1.00	Accounting Specialist II	1.00
Management Analyst II	0.167	Development Services Technician I	1.00
		Office Specialist II	0.40

Economic Development

Mission:

To improve the community's economic base and quality of life for businesses and residents by helping to create a dynamic local economy, develop interesting places to go and things to do, provide the ability to live and work in Fremont, retain and attract businesses, and strengthen sales tax revenues.

Description of Responsibilities and Services

The Office of Economic Development proactively works with the business community, real estate brokers, developers, and property owners to create the type of retail, office, and industrial or technology-based development desired by the City. The department creates and implements an overall marketing strategy for the City as a quality place in which to live and do business, and proactively communicates with the business community to promote Fremont as a location of choice. Furthermore, it serves as a liaison between property owners, developers, and City staff to ensure that development moves forward in a timely manner. The department also works with regional development organizations to strengthen Fremont's position within the local, regional and global economies, supports Council's leadership position in economic development efforts; and assists the Redevelopment Agency in the revitalization of Fremont's historic commercial districts.



Ongoing services include continuing efforts to attract retail and restaurants to the City to increase sales tax revenues and promote local opportunities for goods and services, as well as places where people can gather and enjoy activities. The department also works to promote the expansion of the City's biotech, life science, and technology industrial base and increase quality employment opportunities.



The department provides services and resources to local small businesses, including the annual Resource Fair to promote opportunities for business growth and networking, as well as monthly workshops and individual business consulting in partnership with the East Bay Small Business Development Center (SBDC) to ensure that Fremont small businesses have access to a range of free classes and business counseling.

Department Budgets | Economic Development

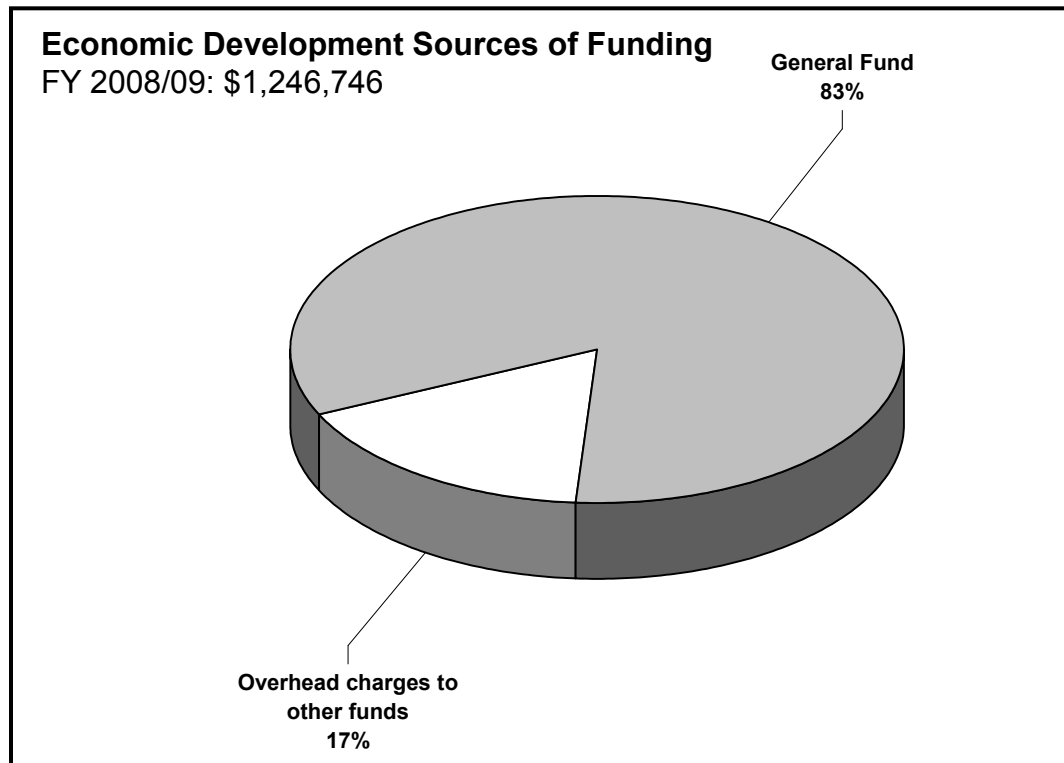
On an annual basis, the department produces four issues of the Citywide newsletter and six issues of the e-biz newsletter. The department also continues to develop the content for the City's website and to expand the programming of Municipal Cable Channel 27 in order to provide residents and businesses with more timely, detailed information about Fremont.

The department works with the business community to communicate issues to the City Council through Economic Development Advisory Commission meetings and corporate site visits, provides business attraction, site selection, permitting and marketing assistance by supporting www.FocusOnFremont.com and www.fremont.gov, participates in key retail, biotechnology and industry events, and works to ensure increased participation by manufacturing firms in State programs such as the Employment Training Panel (which provides funds to increase competitiveness).

Finally, the department conducts land use and zoning improvement analyses to increase economic growth for the City's commercial and industrial areas, and facilitates development activities in the historic redevelopment and downtown areas to encourage revitalization and increase business activities and revenues.

Special Projects

1. Collaborate with the Economic Development Advisory Commission and other City departments to update the Local Economy section as part of the comprehensive update of the General Plan.
2. Complete and release the retail market assessment and strategic plan which includes a new five-year retail expansion and recruitment strategy for the City.
3. Host in-bound trade delegations and organize overseas trade missions to develop business opportunities internationally.
4. Work closely with the City Manager's Office, Environmental Services, and Planning to determine impacts of policy proposals on the business community, such as Green Building and other initiatives.
5. Collaborate with the City Manager's Office to continue facilitation of the Oakland A's proposed Ballpark Village project.



**Economic Development
Historical Expenditures/Budget, by Category**

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 599,617	\$ 624,958	\$ 711,366	\$ 711,455	\$ 706,799	\$ 760,558
Operating Expenditures	216,557	254,602	351,760	371,986	353,891	350,141
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	10,284	14,172	22,566	22,566	22,566	136,047
Totals	\$ 826,458	\$ 893,732	\$ 1,085,692	\$ 1,106,007	\$ 1,083,256	\$ 1,246,746
% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget						15.1%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

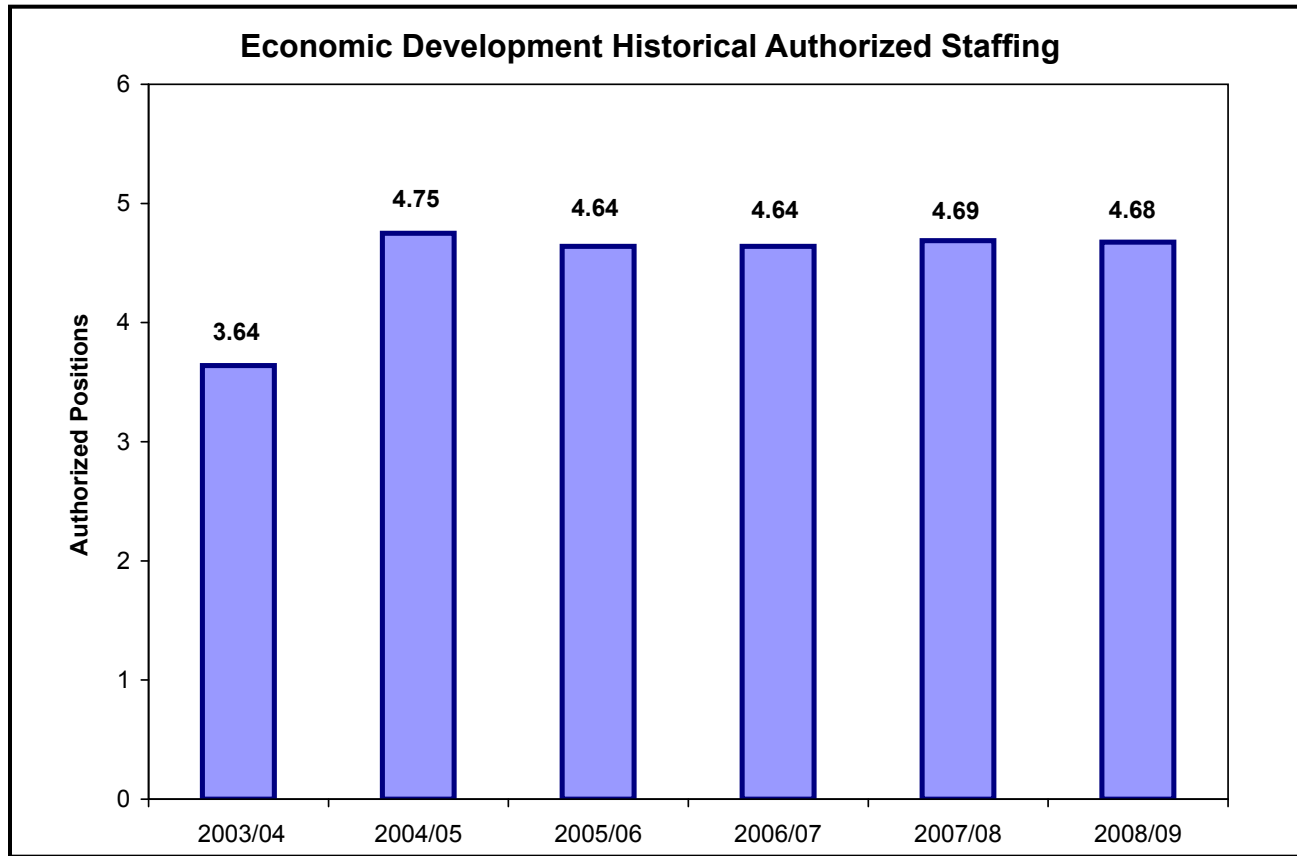
** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Major Changes for FY 2008/09

The FY 2008/09 budget is \$1,246,746, an increase of \$163,490 (or 15.1%) over the FY 2007/08 adopted budget. Salary and benefit costs are increasing as a result of negotiated cost of living adjustments

Department Budgets | Economic Development

with employee bargaining units, including those approved after the FY 2007/08 budget was adopted. Operating expenses are decreasing by 1% as part of the City's overall budget savings strategy. The significant increase in the indirect expense allocation is the result of updated inventories of equipment allocations. This increase is partially offset by a decrease in this category in the City Manager's Office.



Staffing by Function FY 2008/09

4.675 Permanent Full-Time Equivalents

Economic Development

Economic Development Director	0.675 *
Economic Development Manager	1.00
Economic Development Coordinator	1.00
Communications Coordinator	1.00
Executive Assistant	1.00

**The balance of this position is budgeted in the Office of Housing & Redevelopment.*

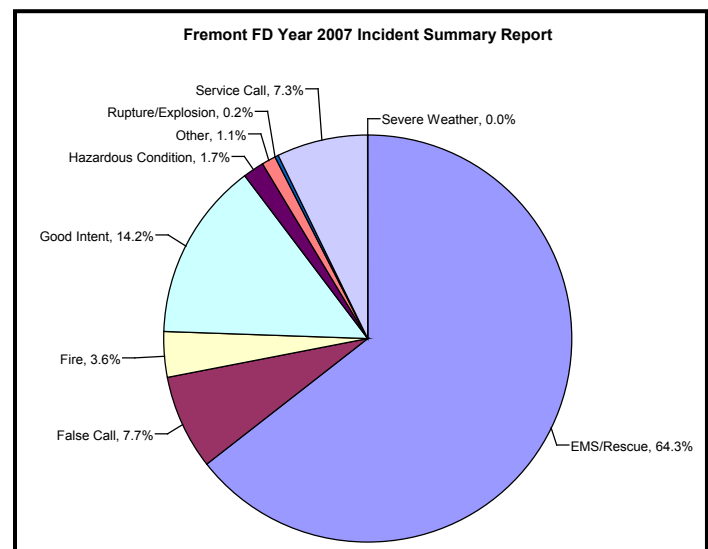
Fire

Mission:

To prevent and minimize the loss of life and property threatened by the hazards of fire, medical and rescue emergencies, hazardous materials incidents, and disaster situations within the community.

Description of Responsibilities and Services

The Fire Department is responsible for providing rapid delivery of fire, medical, rescue, and life safety emergency services within Fremont. Emergency services are delivered through thirteen in-service fire companies from eleven strategically located fire stations in the City, with the primary goals of reducing casualties and the loss of life, improving patient outcomes, reducing property loss and damage, effecting successful extrications of trapped victims, and protecting the environment from the effects of a hazardous materials release. In calendar year 2007, the Fire Department responded to 13,537 calls for service, compared to 13,344 in 2006. These calls generated 17,008 engine and truck company runs, compared to 16,777 in 2006 (an increase of 1.4%).



The Fire Department also provides the following programs and services that are nationally recognized for their excellence: an innovative and cutting edge paramedic program; community disaster preparedness training through its Community Emergency Response Team (CERT) program; one of a handful of State-certified rescue teams at the “heavy” level; fire and life safety code inspection services in nearly 6,000 businesses; hazardous materials management services for over 1,000 facilities; Urban Search and Rescue (USAR) services with California Task Force 4; and one of 124 Metropolitan Medical Response System (MMRS) cities nationwide with enhanced terrorism response plans and capabilities. Departmental efforts to involve the community in its activities include maintaining its relationship with the Fremont Citizens Corps Council (CCC) and performing public relations/education activities as requested.

Department Budgets | Fire

Ongoing department objectives include continuing departmental staff training in order to maintain and enhance skills, receive the most current information and education on industry standards and practices, and provide career development programs to enhance job performance and safety as well as preparation for advancement opportunities. The department anticipates a higher than average turnover rate during the next five years based on the age of the workforce. Thus, entry-level and promotional planning and training will be critical for continuity of services. One of the department's highest continuing priorities is to improve response times, in order to increase the likelihood of preserving life and property, as part of the department's continuous efforts to achieve emergency response performance goals including: arrival on the scene of emergencies within six minutes, forty seconds (6:40), 90% of the time; rescue and extraction of trapped individuals in 30 minutes or less from time of arrival, 90% of the time; and arrival on the scene of fires before flashover with confinement of structure fires to room of origin, 90% of the time.



The department is instrumental in providing ongoing preparedness training to the Fire Department and other City staff to respond to terrorist as well as all-hazard disaster events. On an annual basis, the department conducts three CERT courses, fifteen Personal Emergency Preparedness (PEP) courses, and holds Citywide disaster exercises. In addition, the department inspects high risk facilities as well as conducting standard program inspections to maintain a one to three year inspection cycle. Finally, the department identifies and recruits new businesses into the inspection program and requires eligible businesses to obtain California Fire Code permits and enroll in associated CUPA (Certified Unified Program Agencies)/Hazardous Materials programs.

Fire Historical Expenditures/Budget, by Major Service Area

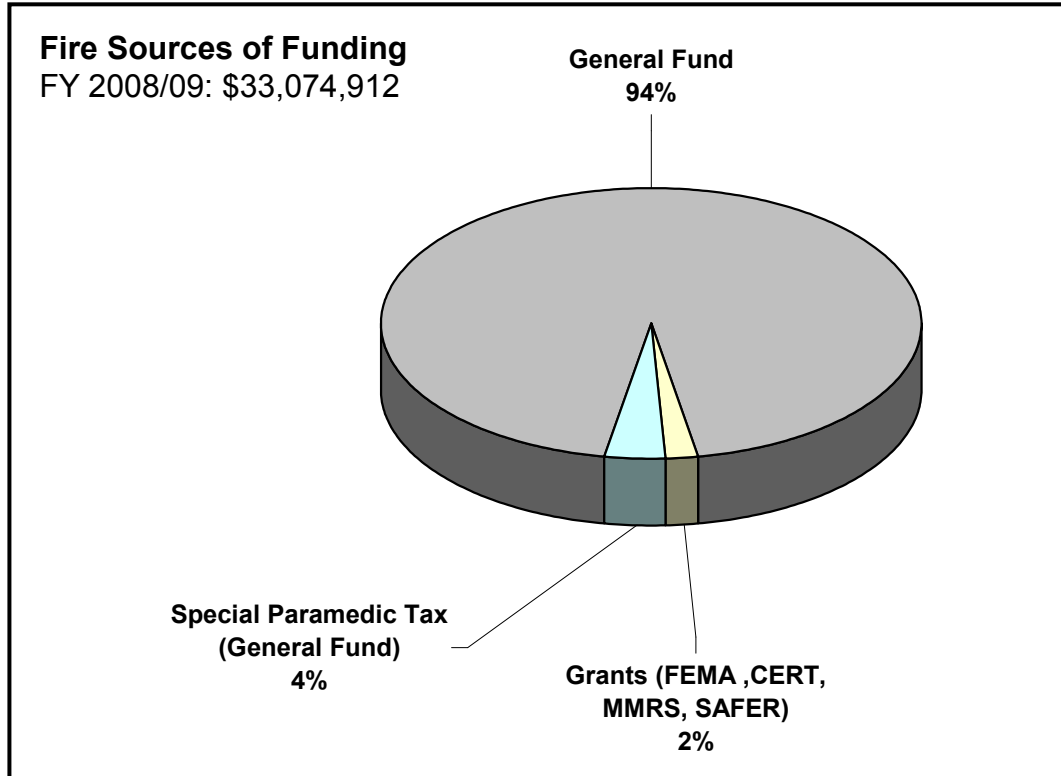
	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Operations/Emergency Medical Service	\$ 21,225,298	\$ 21,965,577	\$ 25,154,130	\$ 25,840,655	\$ 24,356,988	\$ 26,730,862
Administration	3,676,247	4,169,054	3,940,037	4,052,604	4,279,158	4,422,797
Prevention	1,228,201	1,255,585	1,170,171	1,272,913	1,251,734	1,293,053
Disaster Preparedness	434,838	279,144	664,495	664,495	522,250	628,200
Total Fire	\$ 26,564,584	\$ 27,669,360	\$ 30,928,833	\$ 31,830,667	\$ 30,410,130	\$ 33,074,912

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Special Projects

1. Continue implementation of the Fire Bond (Measure R) projects, including: design completion for Fire Stations 2 and 3 and construction start for Fire Station 2; construction completion for Fire Station 6; tenant improvements for Fire Administration (using non-Fire Bond money) and training classrooms in Building “A”; and continuation of construction planning for the tactical Training Center on Stevenson Boulevard.
2. Contribute to the design and construction of Fire Station 11.
3. Implement the Special Operations Task Force concept to ensure year-round, 24-hour readiness in responding to hazardous materials and technical rescue events.
4. Purchase replacement cardiac monitor/defibrillators and automated external defibrillators (AEDs).
5. Complete development and implementation of a Pre-Plan Firefighting (PPFF) program to conduct emergency operations more proactively, improve overall effectiveness, reduce fire loss, and minimize risk and injury to firefighters.
6. Integrate California Environmental Protection Agency’s (CalEPA) Aboveground Petroleum Storage Program into the existing Certified Unified Program Agencies (CUPA) administration, inspection, and enforcement efforts.
7. Update the Fire and Life Safety Division’s Guidance Documents and Standard Operating Procedures to incorporate changes from the 2007 California Fire Code adoption cycle.
8. Provide CPR education, training, and refresher courses to designated City employees in the use of AEDs.

Department Budgets | Fire



Fire Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 23,260,637	\$ 23,965,048	\$ 27,123,861	\$ 27,650,460	\$ 26,395,152	\$ 28,879,297
Operating Expenditures	1,209,994	1,498,734	1,020,247	1,364,011	1,293,158	1,443,509
Capital Expenditures	226,688	144,938	259,002	290,473	196,097	182,067
Indirect Expense Allocation**	1,867,265	2,060,640	2,525,723	2,525,723	2,525,723	2,570,039
Totals	\$ 26,564,584	\$ 27,669,360	\$ 30,928,833	\$ 31,830,667	\$ 30,410,130	\$ 33,074,912

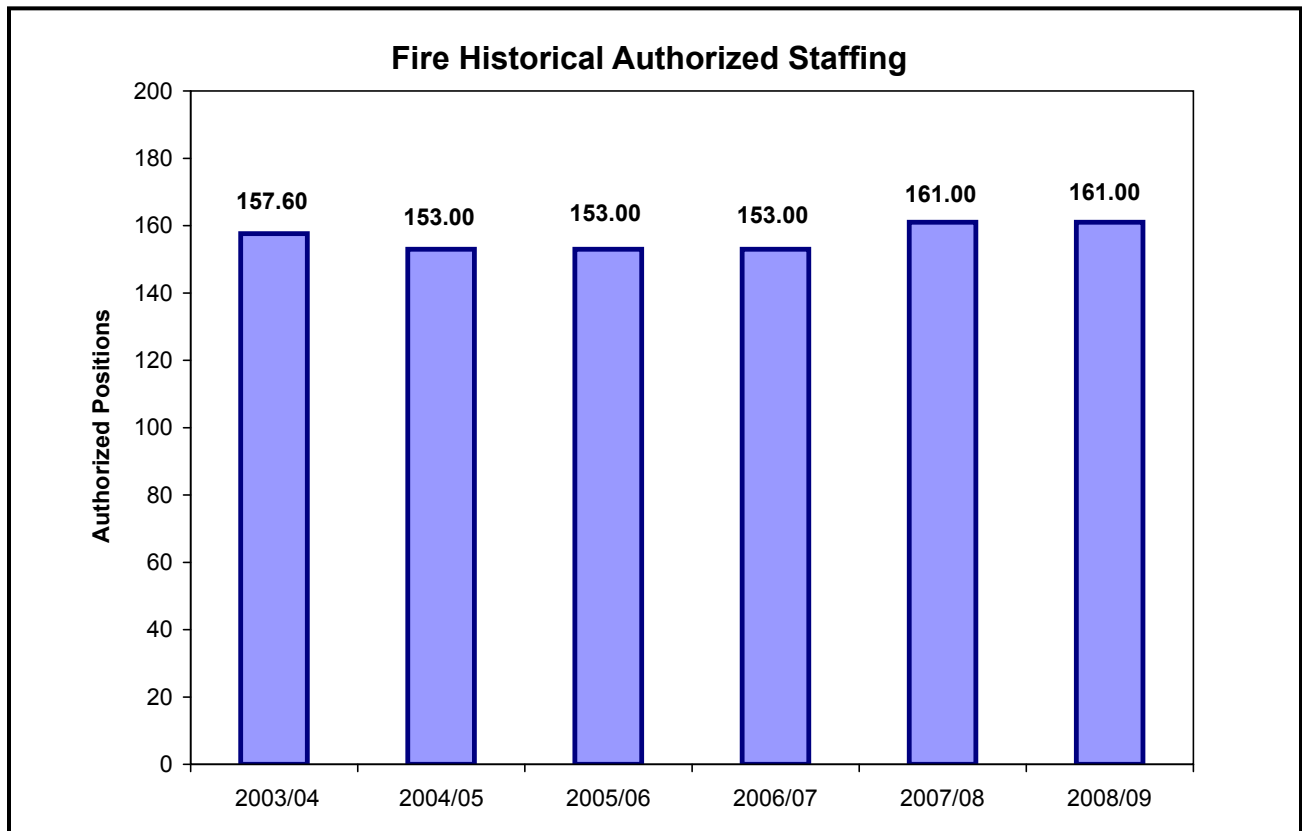
% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget 8.8%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Major Changes for FY 2008/09

The FY 2008/09 budget is \$33,074,912, an increase of \$2,664,782 (or 8.8%) over the FY 2007/08 adopted budget. Salary and benefit costs are increasing as a result of negotiated cost of living adjustments with employee bargaining units, including those approved after the FY 2007/08 budget was adopted. Operating expenses are increasing by 11.6%. Most of the increase is due to an increase in the contract for fire dispatch services with the Alameda County Regional Emergency Communications Consortium, partially due to no longer receiving a cost offset for providing a senior staff member to assist in managing the dispatch center. Because of the synergy of the consortium, the contract amount continues to be significantly less than the cost of maintaining a stand-alone fire dispatch function. The capital expenditure category fluctuates annually depending on equipment purchase needs. Indirect expense allocation costs are increasing slightly, consistent with the overall increase in City costs in this category.



Department Budgets | Fire

Staffing by Function FY 2008/09

161.00 Permanent Full-Time Equivalents

Fire

Fire Chief's Office

Fire Chief	1.00
Deputy Fire Chief	1.00

Operations

Deputy Fire Chief	1.00
Battalion Chief	6.00
Fire Captain	42.00
Fire Engineer	40.00
Firefighter	51.00

Fire Prevention

Fire Marshal	1.00
Deputy Fire Marshal	1.00
Haz Mat Technician	3.00
Senior Code Enforcement Officer	1.00
Code Enforcement Officer	2.00

Emergency Medical Services/Training

Deputy Fire Chief	1.00
Nurse Educator	1.00
Fire Captain	2.00

Administration/Personnel

Business Manager	1.00
Senior Executive Assistant	1.00
Senior Accounting Specialist	1.00
Senior Office Specialist	2.00
Office Specialist I/II	2.00

Housing & Redevelopment

Mission:

To foster economic growth through revitalization of commercial corridors, preservation of historic integrity, and construction of infrastructure improvements in the Centerville, Irvington, Niles and Industrial Project Areas, and to promote the development of quality, affordable housing.

Description of Responsibilities and Services

The agency is dedicated to building community stability over the long term by: investing in key mixed-use development projects that serve as economic catalysts for revitalizing the redevelopment project areas; strengthening neighborhoods by supporting quality housing developments and programs; and increasing the supply of affordable housing throughout the City by continuing its Affordable Housing Plan Strategy. The Agency's current Five-Year Implementation Plan focuses agency efforts on stimulating investment in the Centerville, Irvington, and Niles Project Areas; facilitating major infrastructure construction in the Industrial Project Area; and improving, preserving, and supporting the development of quality affordable housing.



In addition to the recent completion of two affordable housing developments totaling 232 units for low and very-low income households, the agency has recently initiated predevelopment funding for two new affordable housing development projects. Ongoing affordable housing services include: facilitating First Time Homebuyer workshops, monitoring and certification of units to ensure homes continue to be occupied by first-time homebuyers; educating, selecting, screening and qualifying income eligible households under the City's Inclusionary Housing Ordinance; counseling services for low income individuals seeking housing referrals; and housing rehabilitation programs (which provide low income loans for single family owner-occupied homes) including pre-screening for eligibility, design assistance and monitoring of rehabilitation work. The agency continues to fund Project Independence to provide rental subsidies to young adults aged out of the foster care system during their enrollment in a vocational training program, and rent reduction to eligible Housing Scholarship Program participants while they are training and working toward self-sufficiency.



Furthermore, the agency is continuing a number of initiatives already underway, including development of the Niles Town Plaza, implementation of the Irvington Concept Plan, development of the Centerville Unified Site, and managing the Façade

Department Budgets | Housing & Redevelopment

Improvement Grant and Commercial Rehabilitation Loan programs to provide greater incentives for private investment.

Finally, the agency is committed to identifying and implementing a long-term Agency funding strategy in order to continue to initiate and implement key projects in each redevelopment project area that respond to community interests, stimulate economic revitalization, and create affordable housing opportunities.

**Housing & Redevelopment
Historical Expenditures/Budget, by Major Service Area**

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Non Housing Redevelopment	\$ 26,892,736	\$ 22,904,109	\$ 23,012,318	\$ 41,014,676	\$ 40,991,979	\$ 24,827,389
Affordable Housing	9,335,590	2,042,756	3,975,681	10,056,542	10,051,422	11,721,451
Total Housing & Redevelopment	<u>\$ 36,228,326</u>	<u>\$ 24,946,865</u>	<u>\$ 26,987,999</u>	<u>\$ 51,071,218</u>	<u>\$ 51,043,401</u>	<u>\$ 36,548,840</u>

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Special Projects

1. In conjunction with the developer, recommend to the Agency Board a development plan for the Centerville Unified Site.
2. Complete the construction of the Niles Town Plaza by fall 2009.
3. Initiate the renovation of the Tri-City Volunteers building on Joseph Street, scheduled to be completed in FY 2009/10.
4. Continue to enter into Owner Participation Agreements to complete the Baine Street and Joseph Street sidewalk improvements.
5. Continue the construction of the Bay Street Streetscape project, and related Parking project, with anticipated completion by fall 2009.
6. Continue the planning and redevelopment for Phase II of the former Union Pacific Railyard site and the adjacent City-owned parking lots and other privately held properties that frame the Niles Town Plaza.
7. Partner with the Human Services Department to continue ongoing efforts to implement the County's Every One Home Plan to end homelessness.
8. In conjunction with the Human Services Department, identify possible funding sources for affordable supportive housing opportunities, including modifications to the City's Inclusionary Housing Ordinance.

Department Budgets | Housing & Redevelopment

9. Complete the Redevelopment Agency's Plan Amendment process to extend the Agency's ability to collect tax increment revenue in order to continue revitalization work in the four redevelopment project areas.

Project Work Program

The summary appropriations for redevelopment and affordable housing for FY 2008/09 of \$24,827,389 and \$11,721,451, respectively, include appropriations for the Redevelopment Agency's work program. The Project Work Program summaries for each subcategory are included within the specific sections of this summary, and list projects for which the Redevelopment Agency is requesting new appropriations for FY 2008/09. These are not complete lists of all previously funded Agency projects, and some previously funded projects, such as Phase 1B of the I-880/Mission Boulevard Interchange, and the Washington Boulevard Grade Separation, may still be underway. The Agency Board reappropriates unused prior year budget amounts in each new fiscal year.

Non-Housing

This year's Project Work Program includes \$8.5 million of new, non-housing project appropriations, including funding for land costs associated with the construction of Fire Station 2 in Niles. The Agency does not anticipate any new appropriations for regional transportation projects and intends to invest the entire amount of new FY 2008/09 non-housing appropriations in the historic project areas of Centerville, Irvington, and Niles.

Housing

The Housing portion of the Project Work Program includes expenditures for affordable housing that are funded in part by \$16.5 million in housing bonds issued by the Agency in June 2003.

Project Name	FY 2007/08 Appropriations	Estimated Actual 6/30/2008	Adopted FY 2008/09 Appropriations
(dollars in thousands)			
Apartment Acquisition and Rehabilitation	\$ 200	\$ -	\$ 200
First Time Home Buyer Program	1,000	800	1,000
Neighborhood Home Improvement Program	400	400	400
Preservation of Affordable Housing	300	-	300
Revolving Loan (HELP)	1,500	0	1,500
New Construction of Affordable Housing	-	469	4,000
Opportunity Fund/Contingency	3,000	0	500
TOTAL	\$6,400	\$1,669	\$7,900

Department Budgets | Housing & Redevelopment

This year's Project Work Program includes \$7.9 million of new appropriations. Of this, \$1.9 million will be committed to various ongoing programs and projects, including the First Time Homebuyer Program and the Neighborhood Home Improvement Program, the Apartment Acquisition and Rehabilitation Program, as well as funding for preservation of existing affordable housing. An estimated \$1.5 million is available from the Housing Enabled by Local Partnerships (HELP) revolving loan fund to support affordable housing developments, and \$4.5 million will be set aside for creation of new affordable housing development projects.

Redevelopment Agency Project Highlights

The Agency's established order of funding priorities is debt service, regional transportation projects, strategic investments in the historic districts, and affordable housing. The proposed Project Work Program was developed in alignment with the Agency's newly adopted Five-Year Implementation Program for the period of July 1, 2008 - June 30, 2013. The Five-Year Implementation Program calls for investments in programs that attract new businesses and support performance of existing businesses in the project areas, enhance the appearance and function of private properties in project areas, invest in public infrastructure, and eliminate blight. A brief summary of the Work Program highlights follows.

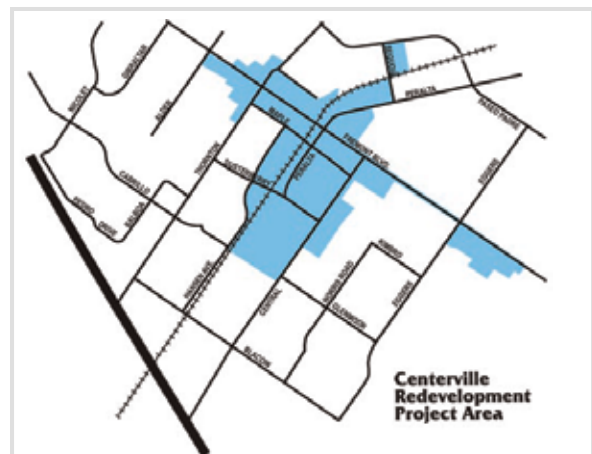
Regional Transportation

Although no new appropriations are included for the Washington Grade Separation project, this project remains a focus for the Agency and the City as the largest public works project in the City's history. Construction of the Washington Grade Separation project commenced in May 2007, and is well underway, with completion anticipated by 2010. This project will facilitate traffic flow through the Irvington Redevelopment Area currently impeded by train passage, facilitate the extension of BART to Warm Springs and San Jose, and support the revitalization of the commercial and retail in the Irvington district.

Strategic Investments in the Historic Districts

Centerville:

The primary focus in the Centerville Area in recent years has been the assembly of the six-acre Centerville Unified Site as a public/private partnership development that will focus on creating a mix of uses and architectural design consistent with the character of Centerville. The Agency has appropriated nearly \$16.9 million to assemble, remediate, and pay for public improvements associated with the site. Over the course of FY 2008/09, the Agency will continue its focus on this project by negotiating a disposition and development agreement with the developer,



Department Budgets | Housing & Redevelopment

recommending a development plan to the Agency Board, and commencing the entitlement process for the new development.

Project Name	Previous Appropriations	Estimated Actual 6/30/2008	Adopted FY 2008/09 Appropriations
(dollars in thousands)			
Development Opportunities/ Commercial Revitalization	\$150	\$118	\$300
Dusterberry/Peralta Park	200	10	50
Pre-development Opportunities	75	-	150
Bill Ball Plaza Improvements	75	-	200
TOTAL	\$500	\$128	\$700

New appropriations in the Centerville Area include \$700,000 for a variety of commercial enhancements, such as streetscape improvements and pedestrian alternatives along Fremont Boulevard, and finding ways to better integrate Bill Ball Plaza into the community.

Irvington:

The Bay Street Streetscape and Parking Project is one of the cornerstones of Irvington's revitalization. Construction of the parking lot has been completed, and will be followed by utility undergrounding and streetscape improvements in 2009. This project will transform the street environment into a three-block stretch of Bay Street to support existing and create new commercial and residential mixed uses and encourage investment in and around the Five Corners area.

Project Name	Previous Appropriations	Estimated Actual 6/30/2008	Adopted FY 2008/09 Appropriations
(dollars in thousands)			
Irvington Concept Plan Implementation	\$290	\$172	\$300
Greenbelt Gateway along Grimmer Boulevard	200	6	100
Pre-development Opportunities	140	96	100
Osgood Road Improvements	-	-	195
TOTAL	\$630	\$274	\$695

New appropriations in the Irvington Area for FY 2008/09 are \$695,000. These new appropriations will provide an additional \$300,000 for implementation of the Irvington Concept Plan; an additional \$100,000 to continue work on the Grimmer Boulevard Greenbelt Gateway project, including identifying easement and property ownership issues in order to develop a pedestrian and bike path along Grimmer Boulevard; \$100,000 to work with property owners and local community members to refine the vision for Main Street; and \$195,000 to fund median improvements on Osgood Road (from the grade separation to Blacow Road).

Department Budgets | Housing & Redevelopment

Niles:

The former Union Pacific (UP) property remains the focal point of redevelopment efforts in the Niles Project Area. Approximately \$6.5 million has already been appropriated for property acquisition, environmental testing, and onsite remediation, which have all been completed since the 5.25-acre site was first envisioned as the future Niles Town Plaza in the heart of the historic commercial district. Utilizing previously allocated funding and with a new appropriation of \$800,000 in FY 2008/09, construction is underway and building relocation will begin in summer 2008. All work on the plaza, including the relocation and rehabilitation of two historic railroad buildings, is scheduled to be completed by fall 2009.

A large portion of the \$5.9 million in new FY 2008/09 appropriations in the Niles area is dedicated to various streetscape improvements throughout the district. These include \$2.9 million for a variety of improvements (including curb cuts, gutters, sidewalks, tree grates, and decorative lighting) on G, H, I, and J Streets and roadway improvements along Niles Boulevard.

Project Name	Previous Appropriations	Estimated Actual 6/30/2008	Adopted FY 2008/09 Appropriations
(dollars in thousands)			
Niles Town Plaza Site Design, Development and Construction	\$ 6,535	\$2,440	\$ 800
Niles Canyon Railway Pedestrian Access Way: Options, Design, and Construction	200	200	250
Streetscape Improvements: I & J Streets	400	42	1,790
Streetscape Improvements: G Street	-	-	690
Streetscape Improvements: H Street	-	-	200
Pre-development Opportunities	150	47	75
Niles Commercial Revitalization and Transit Enhancement Program	300	64	300
Quarry Lakes/Niles Beach	4,015	4,006	60
Niles Blvd Roadway Improvements	-	-	250
Fire Station 2	-	-	1,500
TOTAL	\$11,600	\$6,799	\$5,915

A new appropriation of \$1.5 million in FY 2008/09 is proposed for the construction of Fire Station 2. At the time Measure R, for the construction and renovation of City fire stations, was passed by the voters in 2002, new Fire Station 2 was expected to be built on the site of the existing Fire Station 2. However, an alternate site was subsequently located at the corner of Niles Boulevard and G Street. Because of the significance of this investment for the overall revitalization of the Niles district, the Agency committed to assist in funding the additional costs associated with land acquisition of the alternate site.

Department Budgets | Housing & Redevelopment

Finally, new funding of \$250,000 is proposed to begin the design and development of a permanent pedestrian connection between the Niles Canyon Railway platform and the Niles historic commercial core. This project is in its initial stages and will take several years to complete. The immediate goal is to identify the optimal location and type of pedestrian connection and then determine construction costs.

All Redevelopment Area Historic Districts

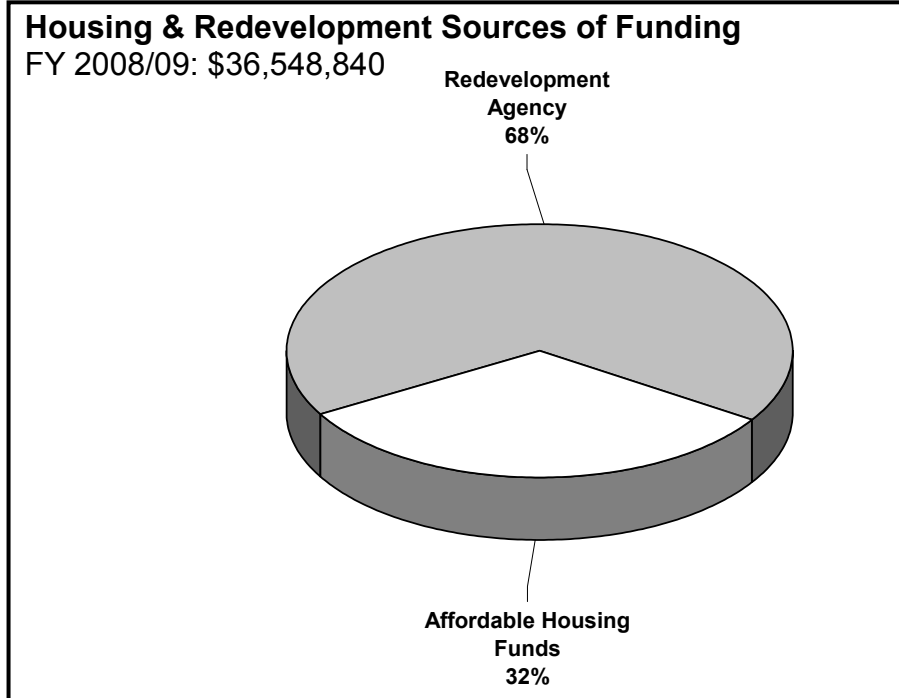
New appropriations for FY 2008/09 that cover all redevelopment project areas total \$1.2 million. Most of this new funding, \$900,000, will be used to fund improvements specifically targeted at key areas within the historic districts, in alignment with the recently revised Commercial Rehabilitation and Façade Improvement Grant programs. Historic building assessment will continue with an additional appropriation of \$50,000 to identify and prepare initial assessments for potentially significant historic buildings in the three historic districts. An allocation of \$100,000 will fund the second year of focused graffiti abatement in the project areas. Finally, with an additional appropriation of \$150,000, staff will continue work on the Plan Amendment to raise the Industrial Project Area revenue cap.

Project Name	Previous Appropriations	Estimated Actual 6/30/2008	Adopted FY 2008/09 Appropriations
(dollars in thousands)			
Plan Amendment	\$ 850	\$ 542	\$ 150
Historic Building Assessment	100	100	50
Commercial Rehabilitation Loan & Façade Improvement Grant Program	3,337	1,862	900
Graffiti Abatement	100	100	100
TOTAL	\$4,387	\$2,604	\$1,200

Funding Sources and Resource Uses

Redevelopment programs and projects do not use General Fund resources. The Agency receives funding from its share of property taxes on the incremental increases in assessed valuation of properties, located within the boundaries of the redevelopment project areas. Under the California Redevelopment Law, 20 percent of the tax increment revenues must be set-aside in a separate fund for affordable housing development. The Agency also receives grant funds from Alameda County (HOME funds), the State (HELP Loan, Workforce Housing Grant) and federal sources (Community Development Block Grant) to supplement its emphasis on enhancing affordable housing opportunities in the project areas. The pie chart on the following page shows the relative funding of general redevelopment activities as contrasted with affordable housing funds.

Department Budgets | Housing & Redevelopment



Housing & Redevelopment Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 1,560,925	\$ 1,706,000	\$ 1,840,815	\$ 1,871,017	\$ 1,848,320	\$ 2,038,299
Operating Expenditures	11,439,865	9,123,304	10,198,328	8,960,723	8,955,603	10,064,713
Capital Expenditures	22,884,923	13,731,754	14,513,335	39,803,957	39,803,957	23,958,798
Indirect Expense Allocation**	342,613	385,807	435,521	435,521	435,521	487,030
Totals	\$ 36,228,326	\$ 24,946,865	\$ 26,987,999	\$ 51,071,218	\$ 51,043,401	\$ 36,548,840

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget -28.4%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

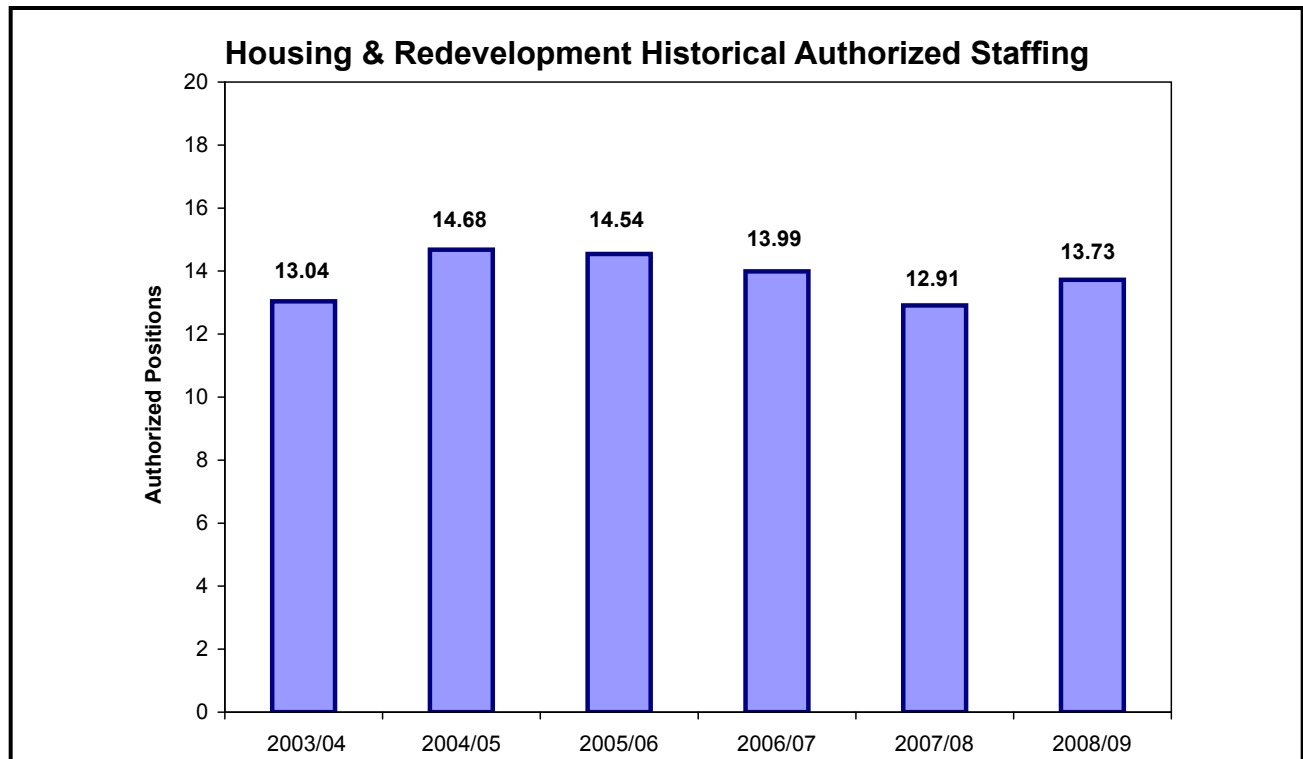
Major Changes for FY 2008/09

The FY 2008/09 budget is \$36,548,840, which is \$14,494,561 (or 28.4%) less than the FY 2007/08 adopted budget. Employee salary and benefit costs are increasing by 10.3%, primarily due to the transfer of a portion of the City Manager and City Attorney's salary and benefit costs to the Redevelopment Agency, to more accurately reflect the use of their resources in support of the Agency's activities.

Operating expenditures are increasing by 12.4%, due to an increase in pass-through payments, based on the total amount of revenues. Pass-through payments represent mandatory payments from the tax increment the Agency receives to the 14 affected taxing entities (i.e., Alameda County, BART, East Bay Regional Park District, etc).

The budget for capital expenditures is significantly lower due to changes in the timing of some of the department's major projects. The majority of expenditures still to be incurred for both non-housing and Redevelopment Agency-funded project expenditures will occur after FY 2008/09.

The indirect expense category is increasing consistent with the overall increase in City costs in this category.



Department Budgets | Housing & Redevelopment

Staffing by Function FY 2008/09

13.725 Permanent Full-Time Equivalents

Housing and Redevelopment

Redevelopment

City Manager	0.25
City Attorney	0.25
Community Development Director	0.25
Community Development Deputy Director	0.25
Economic Development Director	0.225
Redevelopment Agency Director	1.00
Community Dev Special Project Manager	0.375
Redevelopment & Housing Project Manager	3.00
Business Manager	0.75
Executive Assistant	0.75
Accounting Specialist II	0.50
Office Specialist I	0.50

Affordable Housing

Community Dev Special Project Manager	0.125
Redevelopment & Housing Project Manager	2.00
Business Manager	0.25
Housing Counselor	1.00
Executive Assistant	0.25
Senior Office Specialist	1.00
Accounting Specialist II	0.50
Office Specialist I	0.50

Human Services

Mission:

Human Services works to support a vibrant community through services that empower individuals, strengthen families, encourage self-sufficiency, enhance neighborhoods, and foster a high quality of life.

Description of Responsibilities and Services

Fremont's Human Services Department is nationally and internationally recognized for its innovative and effective programs. The department offers services designed to help families become or remain self-sufficient.

The department provides a continuum of services for seniors to help elders remain independent, safe, and in their own homes. Services for well seniors include a meal program, adult education, and health screening at the Senior Center. The Senior Center is committed to meeting the programming needs of a growing senior population. For frail seniors, the department offers personalized service coordination including home visits, senior peer counseling, support services for caregivers, and extensive local paratransit services. The department is a national leader in municipal senior programs. In partnership with the Tri-City Elder Coalition, the department recently developed Pathways to Positive Aging, a community-driven initiative to strengthen the service network for seniors. It also launched the Community Ambassador Program, which increases ethnic and faith-based communities' access to services. Both programs are funded by the Robert Wood Johnson Foundation.



Human Services also oversees the Fremont Family Resource Center (FRC), a partnership that co-locates more than 25 organizations (State, County, City, and nonprofit) for one-stop service access. The Center offers free drop-in child care for users of FRC services. The FRC is host to the Volunteer Income Tax Assistance (VITA) program, as part of the Alameda County Earn It! Keep It! Save It! Campaign, to help over 1,000 low-income families prepare tax returns and receive refunds. The FRC also provides various financial literacy services for low-income families, and integrated case management services for families facing multiple barriers to self-sufficiency.

The department's Youth and Family Services (YFS) Division provides counseling services to improve family relationships during times of stress or crisis, with special emphasis on early delinquency intervention and prevention, school problems and truancy, and specialized mental health services for

Department Budgets | Human Services

families with children less than five years of age. Activities include a variety of parent workshops, including Parent Project. School-based services include individual and group counseling for students at the continuation high school and more than half of the elementary schools in Fremont. YFS also coordinates with the Police Department and Fremont Unified School District (FUSD), as well as other service providers, to reduce violence and gang related problems on school campuses.

Human Services administers the City's social service grant and federal Community Development Block Grant (CDBG) funds, and provides technical assistance to agencies receiving grants. It is also staff to the Human Relations Commission, Senior Citizens Commission, Paratransit Advisory Committee, and the Community Development Block Grant Citizens Advisory Committee.

Ongoing services include exploring new opportunities to support youth, family and senior programs with non-city revenue sources, including expansion of County Early Periodic Screening Diagnosis and Treatment (EPSDT) funding, and expansion of senior and disabled adult transportation trips using Measure B funds. Another new source of funding is Medi-Cal Administrative Activities (MAA) funding, which generates additional revenue for administrative functions like planning and outreach. The department will continue to use internship programs to serve additional families; collaborate with the Tri-City Homeless Coalition and other partners to operate the Homeless Outreach for People Empowerment (HOPE) project; provide family focused services to juvenile offenders; and offer mental health consultations for the FRC Discovery Cove program to enhance infant and toddler care. In addition, the department collaborates with the CalSafe teen parent program to assure teen parents have access to mental health services offered through the department's innovative infant-toddler program.

Human Services Historical Expenditures/Budget, by Major Service Area

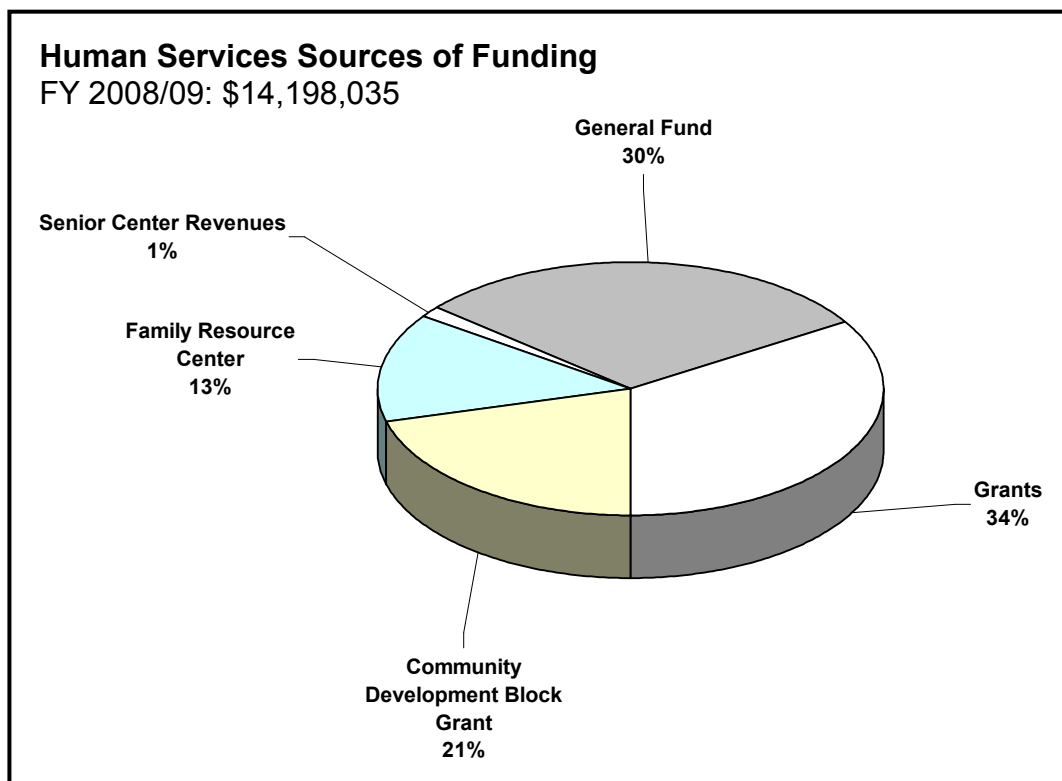
	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Family Resource Center	\$ 1,807,359	\$ 2,247,787	\$ 2,074,785	\$ 2,133,031	\$ 2,115,254	\$ 2,425,722
Youth and Family Services	1,430,068	1,589,899	1,786,913	1,895,174	1,868,056	2,022,862
Aging and Family Services	1,931,979	2,095,008	2,800,071	3,172,362	3,060,680	3,192,582
CDBG/HOME/SHP	3,256,447	2,931,429	3,374,862	3,610,904	3,418,316	3,752,873
Paratransit	766,029	875,835	900,693	900,693	889,189	917,452
Administration	950,659	1,560,497	1,311,161	1,343,716	1,315,926	1,394,584
Social Services Grants	466,259	473,333	552,314	552,314	482,314	491,960
Total Human Services	\$ 10,608,800	\$ 11,773,788	\$ 12,800,799	\$ 13,608,194	\$ 13,149,735	\$ 14,198,035

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Special Projects

1. Continue implementation of the Senior Mobile Mental Health Team program, which addresses the needs of homebound seniors with mental illness, using funding from the Mental Health Services Act (Proposition 63), as well as Medicare and Medi-Cal billing.

2. Implement the Individual Development Account (IDA) program and increase the availability of financial literacy courses and counseling services as part of the Family Economic Success services at the FRC.
3. Expand the membership of the FRC Community Advisory and Engagement Board as a mechanism to increase Fremont residents' awareness of FRC services and improve service delivery through consumer input.
4. Promote an integrated system of services that supports the healthy development of infants and toddlers through standardized screening, assessment, and early intervention with children ages 0-6 and their families.
5. Collaborate with FUSD and Alameda County Health Care Services Agency on the Fremont Adolescent Student Health Initiative (FASHI) to increase local accessibility to adolescent health, mental health, and drug treatment services by improving service coordination among providers.
6. Advocate for the Proposition 63 funded Family Education and Resource Center (FERC), which provides service coordination for family members of the severely mentally ill, to be sited at the FRC.



Department Budgets | Human Services

Human Services Historical Expenditures/Budget, by Category

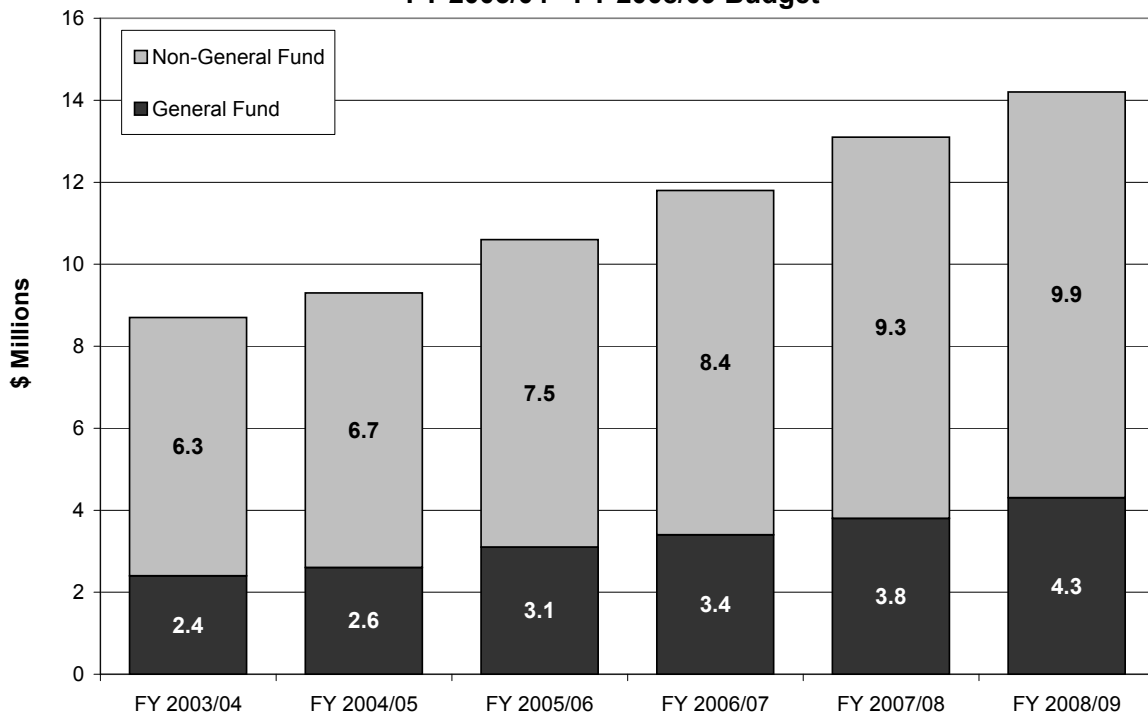
	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 4,802,981	\$ 5,412,381	\$ 5,840,624	\$ 6,132,025	\$ 6,019,471	\$ 6,736,758
Operating Expenditures	2,949,536	5,774,767	5,890,406	6,404,351	6,060,446	6,386,506
Capital Expenditures	20,596	66,734	355,947	348,443	348,443	362,882
Indirect Expense Allocation**	2,835,687	519,906	713,822	723,375	721,375	711,889
Totals	\$ 10,608,800	\$ 11,773,788	\$ 12,800,799	\$ 13,608,194	\$ 13,149,735	\$ 14,198,035

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget 8.0%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

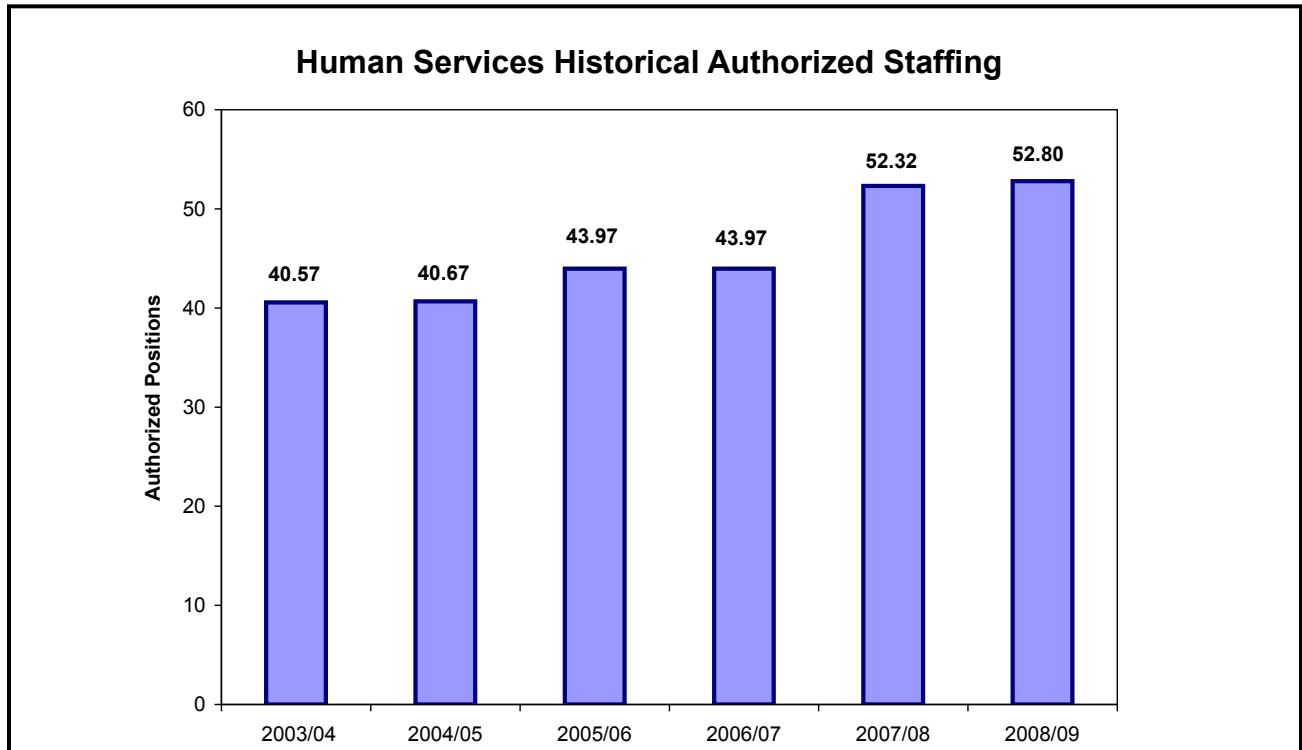
Human Services Increasing Reliance on Non-General Funds FY 2003/04 - FY 2008/09 Budget



Major Changes for FY 2008/09

The FY 2008/09 budget is \$14,198,035, an increase of \$1,048,300 (or 8.0%) over the FY 2007/08 adopted budget. Salary and benefit costs are increasing due to negotiated cost of living increases with employee bargaining units, including those approved after the FY 2007/08 budget was adopted, as well as increases in professional license and stipend costs. The department is adding one 0.48 FTE Counselor position to an existing 0.52 FTE Counselor position in FY 2008/09. This increase is through a conversion of temporary hours to create a 1.0 FTE Counselor position. Funding will be transferred from part-time funding, therefore, there is no budget increase related to this FTE increase.

Operating expenditures are increasing above the normal COLA increase due to increases in contract services that are offset by increased grant revenues. The capital expenditure category fluctuates annually depending on equipment purchase needs. The indirect expense category is decreasing as a result of updated inventories of equipment allocations citywide.



Department Budgets | Human Services

Staffing by Function FY 2008/09

52.80 Permanent Full-Time Equivalents

Human Services

Human Services Director	1.00
Deputy Human Services Director	1.00
Executive Assistant	1.00
Office Specialist II	1.00

Youth and Family Services

Family Services Administrator	1.00
Clinical Supervisor	2.00
Senior Program Coordinator	1.00
Counselor	8.45
Administrative Assistant	1.00
Senior Accounting Specialist	1.00
<i>Counseling Interns*</i>	

Family Resource Center

Family Resource Center Administrator	1.00
Case Manager	2.60
Clinical Supervisor	1.00
Administrative Assistant	1.00
Senior Office Specialist	1.00
Program Coordinator	1.00
Counselor	1.00
<i>Public Service Assistant*</i>	

CDBG Services

CDBG Administrator	1.00
Management Analyst II	1.00
Senior Office Specialist	1.00

Senior Services

Family Services Administrator	1.00
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Senior Supportive Services

Clinical Supervisor	2.00
Case Manager	6.05
Senior Program Coordinator	1.80
Counselor	2.10
Administrative Assistant	1.00
Senior Office Specialist	1.00
<i>Outreach Workers*</i>	

Paratransit

Management Analyst II	1.00
Senior Office Specialist	1.00
<i>Outreach Workers*</i>	

Senior Center

Senior Center Manager	1.00
Program Coordinator	1.00
Chef/Food Services Manager	1.00
Assistant Chef	0.80
Senior Office Specialist	1.00
Office Specialist II	1.00
<i>Public Service Assistants*</i>	

**Temporary positions not counted in full-time equivalents*

Parks and Recreation

Mission:

To ensure the citizens of Fremont receive excellent customer services through its management of recreation facilities, the provision of quality recreation programs, park planning services, and maintenance of City parks.

Description of Responsibilities and Services



The Parks and Recreation Department provides leisure activities and facilities that enhance the lives of residents and visitors. The department manages public use of recreation facilities and plans, maintains, and oversees the City's park system. It carries out capital and park planning and development projects, implements the Parks and Recreation Master Plan, and maintains the City's parks. The recreation activities, carried out primarily through the Recreation enterprise operation, include performing and visual arts, youth and adult sports, teen and youth programs, early childhood enrichment programs, park visitors services, as well as management of the community centers, special facilities, and historic sites. Staff provides support to the Recreation Commission and various other boards and commissions that advise the City Council.

Parks and Recreation
Historical Expenditures/Budget, by Major Service Area

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Recreation	\$ 6,943,988	\$ 6,220,326	\$ 7,032,904	\$ 7,032,904	\$ 6,833,005	\$ 8,278,772
Park Maintenance	4,857,453	5,072,050	5,290,894	5,522,328	5,417,291	5,123,212
Total Parks & Recreation	\$ 11,801,441	\$ 11,292,376	\$ 12,323,798	\$ 12,555,232	\$ 12,250,296	\$ 13,401,984

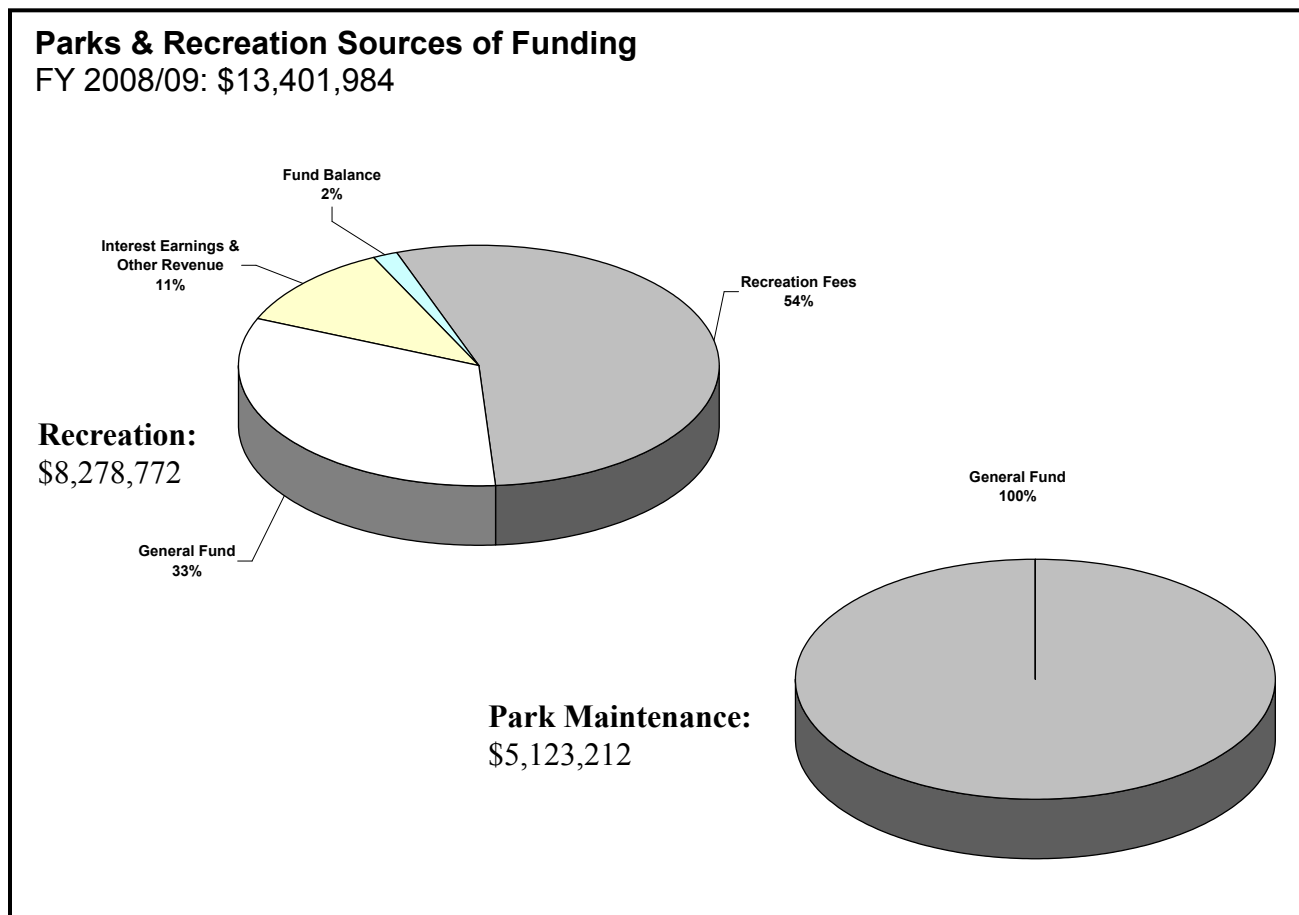
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Special Projects

1. Continue to collaborate with the Engineering Division to oversee completion of construction of the Family Water Play Facility "Aqua Adventure" in Central Park and ensure its timely opening to the public in May 2009. The inaugural year of the Water Park is expected to attract over 100,000 people. The novelty of the park combined with the public demand for a Family Water Play Facility will be a catalyst for growth in programming and facility use throughout Central Park.

Department Budgets | Parks & Recreation

2. Replace six playgrounds to comply with current playground safety standards within the next two years.
3. Install a concrete border around the poplar tree corridor in Central Park, install new irrigation valves and heads in the area, weed, and overseed around the poplar tree area. This will preserve and enhance the corridor and reduce wear and tear on the mowers.
4. Convert high maintenance small turf strips to low maintenance materials to reduce ongoing maintenance costs.



Department Budgets | Parks & Recreation

Parks & Recreation

Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 6,669,118	\$ 6,924,727	\$ 7,500,789	\$ 7,751,625	\$ 7,667,223	\$ 8,295,138
Operating Expenditures	2,037,647	2,383,704	2,562,670	2,522,725	2,287,854	2,931,777
Capital Expenditures	115,501	50,244	36,000	43,000	57,337	44,000
Indirect Expense Allocation**	2,979,175	1,933,701	2,224,339	2,237,882	2,237,882	2,131,069
Totals	\$ 11,801,441	\$ 11,292,376	\$ 12,323,798	\$ 12,555,232	\$ 12,250,296	\$ 13,401,984

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget 9.4%

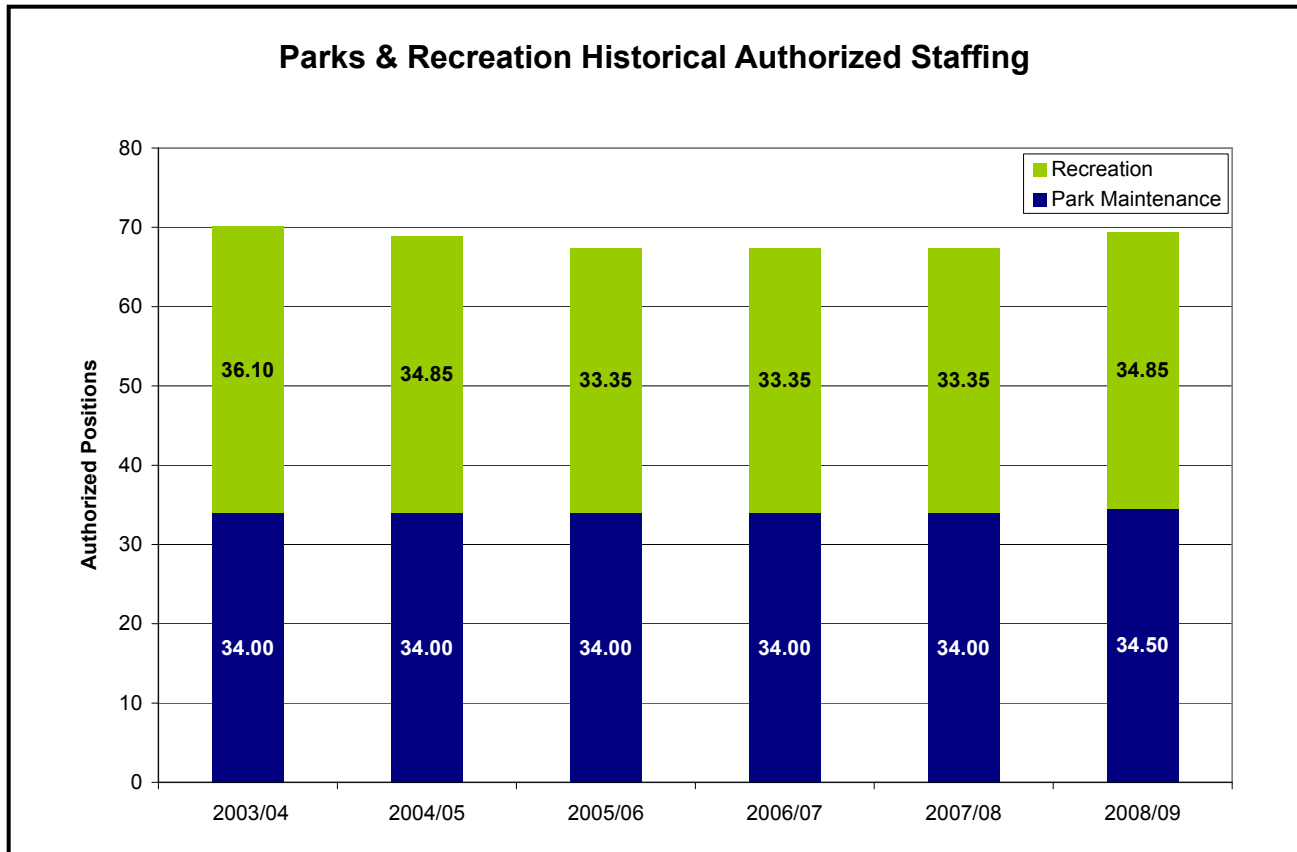
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Major Changes for FY 2008/09

The FY 2008/09 budget is \$13,401,984, which is \$1,151,688 (or 9.4%) more than the FY 2007/08 adopted budget. Salary and benefit costs are increasing due to negotiated cost of living increases with employee bargaining units, including those approved after the FY 2007/08 budget was adopted. In addition, the FY 2008/09 budget reflects the addition of 2.0 FTE positions to staff the management component of the new Water Park. Operating expenditures are increasing as a result of the new Water Park coming on line in May 2009. The capital expenditure category fluctuates annually depending on equipment purchase needs. Indirect expense allocation is decreasing as a result of updated inventories of equipment allocations citywide.

Department Budgets | Parks & Recreation



Staffing by Function FY 2008/09
69.35 Permanent Full-Time Equivalents

Parks & Recreation

Parks & Recreation Director	1.00
Executive Assistant	0.50

Park Maintenance

Park Superintendent	1.00
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Central Park

Park Field Supervisor	1.00
Park Maintenance Worker II	3.00
Park Maintenance Worker I	7.00

North End Parks

Park Field Supervisor	1.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	3.00

South End Parks

Park Field Supervisor	1.00
Park Maintenance Worker II	3.00
Park Maintenance Worker I	4.00

Construction/Irrigation

Park Field Supervisor	1.00
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Construction

Park Maintenance Worker II	1.00
Park Maintenance Worker I	2.00

Irrigation

Park Equipment Mechanic	1.00
Park Maintenance Worker II	1.00
Park Maintenance Worker I	2.00

Recreation

Administrative & Support Services

Deputy Director of Recreation	1.00
Recreation Superintendent II	1.00
Water Park Manager	1.00
Management Analyst II	1.00
Recreation Superintendent I	1.00
Senior Accounting Specialist	0.50
Accounting Specialist II	0.50
Office Specialist II	1.75

Park Planning & Development

Park Planning Manager	1.00
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Park Visitor Services

Recreation Supervisor II	1.00
Park Ranger	4.75
Office Specialist II	1.00

Recreation Services

Water Park Operations Mgr	1.00
Recreation Supervisor II	5.00
Recreation Supervisor I	5.00
Tennis Operations Supervisor	1.00
Facility & Supply Specialist	1.00
Senior Accounting Specialist	0.50
Facility & Supply Worker	1.00
Office Specialist II	1.25
Tiny Tot Specialist	2.60
<i>Program Staff - approx. 240*</i>	

*Temporary positions not counted in full-time equivalents.

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Police

Mission:

Public safety through professional law enforcement.

Description of Responsibilities and Services

The Police Department is responsible for the safeguarding of citizens' lives and property, the preservation of constitutional rights, and neighborhood problem solving. In FY 2008/09, the Police Department will continue to have a heightened emphasis on homeland security. The major work units – Community Policing Patrol Team, Street Crimes Unit, Traffic Unit, Investigative Services, and Animal Services – are charged with carrying out the department's core responsibilities.



The Community Policing Patrol Team has a key role as first responders to calls for police assistance. The division strives to maintain order, apprehend suspected law violators, and seek long-term solutions to some of the problems and issues important to the community. The Street Crimes Unit addresses contemporary crime trends with proactive measures. The Traffic Unit investigates serious collisions and, when time permits, enforces the vehicle code in an effort to proactively control violations that result in collisions. Investigative Services has the primary responsibility for investigations involving felony crimes, such as homicide, robberies, sex crimes, child abuse, kidnapping, some burglaries, assault, and other criminal offenses. The unit actively investigates these crimes and coordinates resources involving in-depth, multi-jurisdictional investigations. The Tri-City Animal Shelter is located in Fremont and, through agreements with Newark, Union City, and San Leandro, provides limited, high-quality services to animals and to the community. The Animal Shelter is responsible for animal-related calls for service, adoption outreach and support, vector control, a spay/neuter clinic, pet licensing, and rabies control.

The Police Department's core services are supported by several other work units, including the Office of the Chief of Police, the Office of Professional Standards which includes Press Information, Business Services, the Police Communications Center, Forensic Services, the Property and Evidence Unit, the Records Unit, the Police Personnel and Training Unit, the Fremont Detention Facility, Information Technology, and the Community Engagement Unit, which is charged with maintaining Neighborhood Watch and Business Watch crime prevention efforts.

Members of the Fremont Police Department actively participate in a limited number of regional task force groups, including the Joint Federal Terrorism Task Force, Southern Alameda County Narcotics

Department Budgets | Police

Enforcement Team (SACNET), Rapid Enforcement Allied Computer Team Task Force, and the Gang Violence Suppression Task Force.

The Crime Analysis Unit is responsible for the research and analysis of criminal activity in order to provide recommendations for responses to or for the prevention of crime within the City. The unit is also responsible for preparing technical and analytical reports regarding crime trends in order to identify potential hotspots and provide recommendations for staffing allocation.

Ongoing departmental objectives include prioritizing and providing services at the highest level possible with available resources, continuing planning for radio replacement needs to work towards interoperability with local, State, and federal agencies, as well as researching and updating technology to maximize organizational performance and enhance proactive law enforcement.

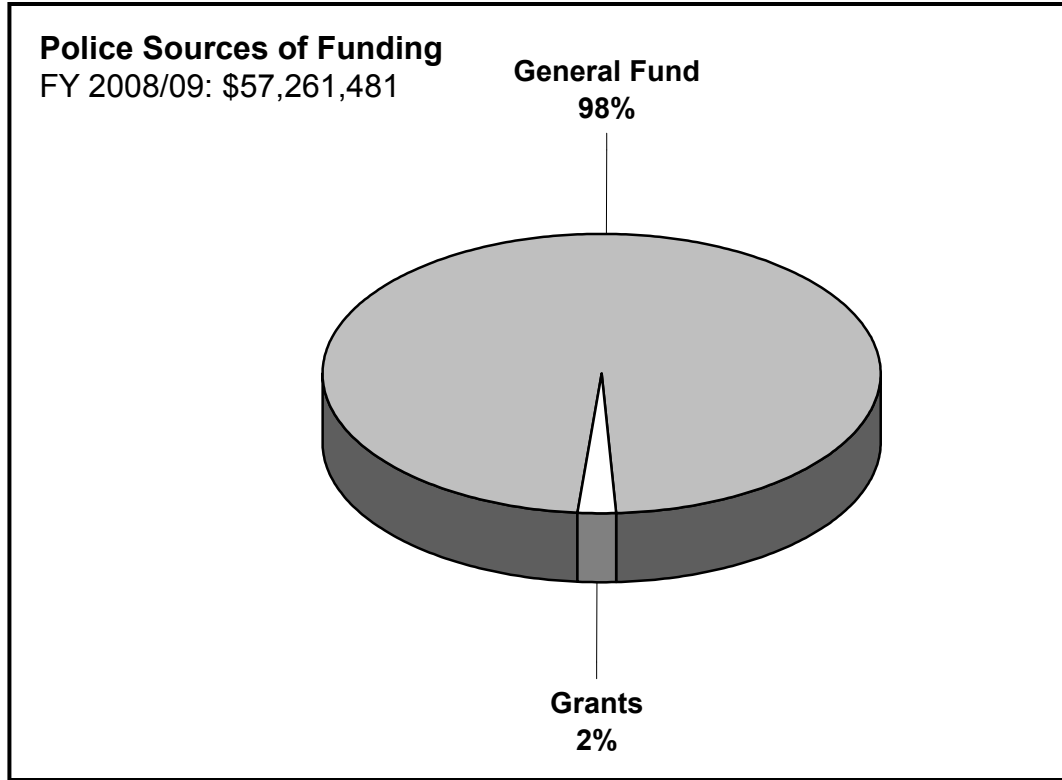
On an annual basis, the department continues to employ innovative recruitment and retention strategies to ensure future service continuity, as well as holding ongoing staff development and leadership training to prepare staff for future advancement opportunities.

Finally, the department is committed to continuing development of contingency plans and identifying regional resources to ensure operational integrity, including appropriate responses to terrorist events or natural disasters, along with strengthening the community network by increased National Night Out support by City employees and increased outreach through expansion of the Community Engagement Team.

Special Projects

1. Focus on operational strategies intended to reduce the frequency of robberies involving weapons and physical force.
2. Expand responsibilities of members of the Connect, Assist, Respond, and Engage (CARE) volunteer unit to include community outreach efforts associated with crime prevention and the Neighborhood Crime Watch program.
3. Contribute to and participate in the construction of the police indoor firing range and multi-purpose room using the voter-approved Public Safety Bond proceeds.
4. Implement the “Crime Free Program” by the Street Crimes Unit in conjunction with other City departments. The purpose of the Crime Free Program is to provide an increased level of safety to residents through partnership with local government.
5. Begin use of the digital in-car video camera technology to enhance the efficiency of evidence gathering, transfer, storage, and retrieval.
6. Contribute to the construction phase of Fremont’s new dog park working closely with Parks and Recreation, BART representatives, and Engineering. This project is currently in the design phase; ground breaking is anticipated in December 2008, with completion in early 2009. The new dog park will be located on property adjacent to and east of the Detention Center and Animal Shelter facility.

7. Offer the Animal Shelter's "Free to a Good Home", and the Low Cost Spay/Neuter Programs to promote pet adoption.



Police
Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 39,142,029	\$ 41,154,098	\$ 44,909,400	\$ 45,165,383	\$ 43,909,926	\$ 47,975,425
Operating Expenditures	3,121,976	3,353,139	3,245,371	3,574,401	3,553,661	2,944,923
Capital Expenditures	291,944	560,847	227,658	167,761	357,305	166,000
Indirect Expense Allocation**	4,273,093	5,376,240	5,846,314	5,846,314	5,846,314	6,175,133
Totals	\$ 46,829,042	\$ 50,444,324	\$ 54,228,743	\$ 54,753,859	\$ 53,667,206	\$ 57,261,481

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget

6.7%

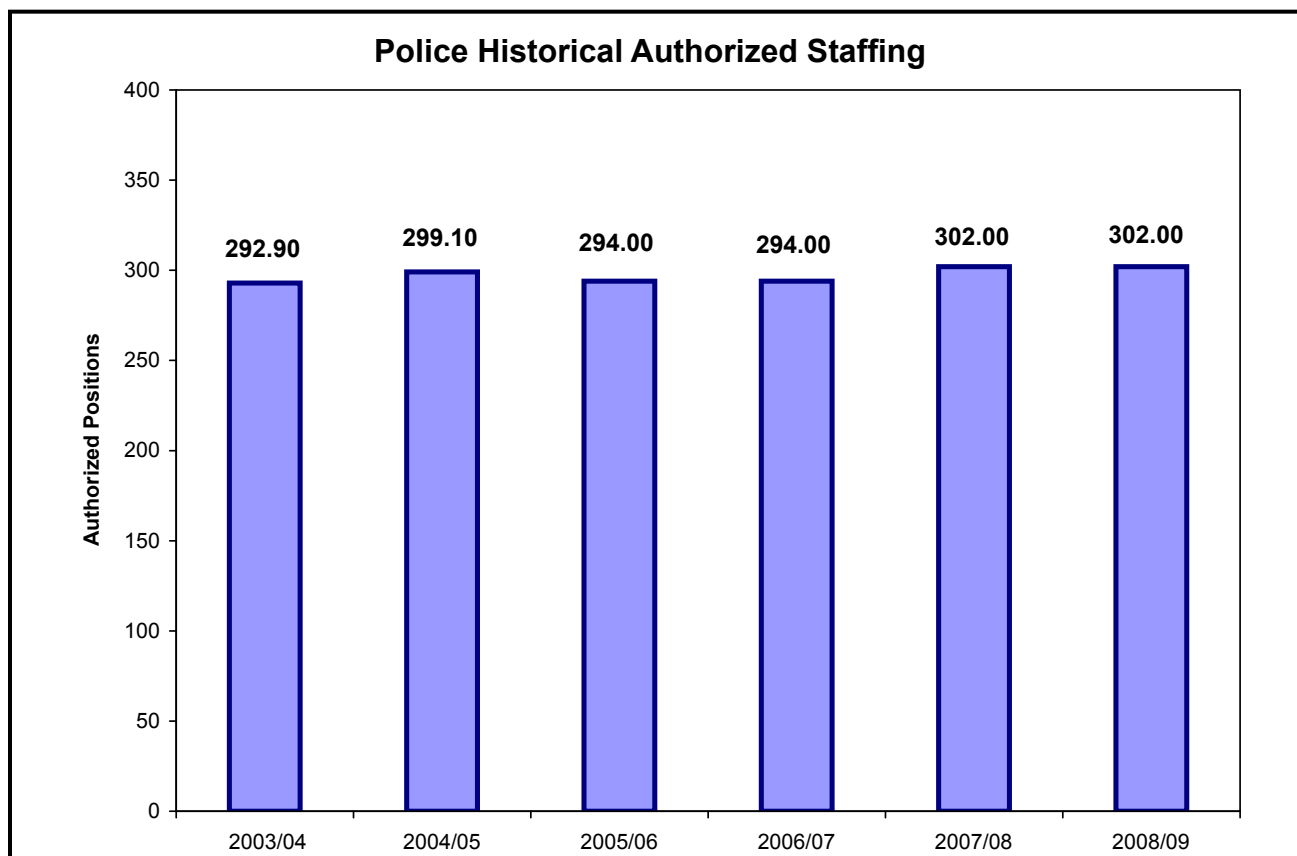
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Department Budgets | Police

Major Changes for FY 2008/09

The FY 2008/09 budget is \$57,261,481, an increase of \$3,594,275 (or 6.7%) over the FY 2007/08 adopted budget. Salary and benefit costs are increasing based on negotiated cost of living adjustments with employee bargaining units, including those approved after the FY 2007/08 budget was adopted. Operating expenditures are decreasing significantly (17.1%) due to the department's reduction in this area as part of the City's overall budget savings strategy. These reductions have the potential to affect service delivery to the public. The capital expenditure category fluctuates annually depending on equipment purchase needs. The increase in the department's allocation of indirect expenses is consistent with the overall cost increase in this category citywide.



Staffing by Function FY 2008/09
302.00 Permanent Full-Time Equivalents

Police

Chief's Office

Police Chief	1.00
Police Officer	2.00
Executive Assistant	1.00

Business Services

Business Manager	1.00
Accounting Technician	1.00
Senior Accounting Specialist	2.00
Senior Office Specialist	1.00
Community Service Officer	0.20
<i>Public Service Assistant 0.50*</i>	

Office of Professional Standards & Accountability

Police Sergeant	2.00
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Administrative Support Services

Police Captain	1.00
Police Lieutenant	1.00
Police Sergeant	3.00
Police Officer	1.00
Chief Forensic Specialist	1.00
Community Engagement Specialist	2.00
Community Service Officer	1.00
Dispatch Supervisor	4.00
Dispatcher	20.00
Dispatch Technician	1.00
Property Technician	3.00
Animal Services Supervisor	1.00
Animal Services Officer	4.00
Systems Analyst/Programmer	1.00
Computer Specialist	2.00
Police Records Administrator	1.00
Administrative Assistant	1.00
Records Supervisor	3.00
Senior Office Specialist	2.00
Records Specialist	8.00
Office Specialist II	3.00
Records Assistant	3.00
Management Analyst II	0.50

Community Policing Patrol Teams

Police Captain	1.00
Police Lieutenant	5.00
Police Sergeant	19.00
Police Officer	110.00
Community Service Officer	9.00
Administrative Assistant	1.00
<i>Reserve Officer 8.00*</i>	
<i>Public Service Assistant 19.00*</i>	
<i>(Equipment Room)</i>	

Investigative Services

Police Captain	1.00
Police Lieutenant	1.00
Police Sergeant	7.00
Police Officer ¹	41.00
Community Service Officer	3.80
Crime Analysis Manager	1.00
Management Analyst II	0.50
Traffic Enforcement Project Manager	1.00
Crime Analyst	1.00
Supervising Detention Officer	4.00
Detention Officer	12.00
Administrative Assistant	1.00
Records Specialist ²	3.00
Office Specialist II	1.00

*Public Service Assistant 4.00**
(Armory, Court Liaison)

Police Aide/Public Service Assistant
*PT Police Officer 25.00**
(Records, Animal Services, Personnel)

¹Six School Resource Officers funded 50:50 by Fremont Unified School District and City of Fremont

²One Records Specialist assigned to SACNET, Narcotic Task Force

**Temporary positions not counted in full-time equivalents.*

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Transportation & Operations

Mission:

To enhance the community by providing quality public services such as maintenance of the City's infrastructure, an efficient transportation system, and responsible environmental programs.

Description of Responsibilities and Services

The Transportation and Operations Department provides traffic engineering, maintenance, and environmental services. The department's Transportation Engineering Division is responsible for maintaining and enhancing traffic flow and managing a safe and efficient transportation network through coordination with regional and State transportation organizations, traffic studies, street improvements, and an effective traffic signal system. The Maintenance Division maintains City-owned infrastructure by providing both proactive and reactive maintenance that enhances capital preservation, maintains and improves safety, and, whenever practical, provides aesthetic enhancements. These functions are carried out through the maintenance of City streets, medians, trees, public buildings, and vehicles. The Environmental Services Division is responsible for environmentally sound and cost-effective methods for the disposal of garbage, recovery of recyclables, waste prevention, and the flow of clean storm water into streams and the bay.



Ongoing services, when resources permit, include a proactive sign maintenance program; replacing high maintenance landscaping materials with low maintenance, drought tolerant materials; replacing antiquated equipment systems with more efficient and technologically advanced equipment; and improvements to traffic signal timing and signal coordination to improve air quality and reduce travel delays and fuel consumption. The department will continue to partner with regional transportation agencies to ensure Fremont's interests are considered relative to regional transportation projects such as the BART extensions to Warm Springs and Santa Clara

County, the Route 84 Alternative Alignment Project, the Mission Boulevard/I-880 Interchange, the Dumbarton Rail Corridor Project, and the I-680 Smart Lane Project.

Department Budgets | Transportation & Operations

Transportation & Operations Historical Expenditures/Budget, by Major Service Area

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Environmental Services	6,732,374	8,799,574	6,204,532	6,266,521	6,182,917	7,137,264
Hazardous Materials			593,993	580,704	410,612	383,621
Streets, Medians & Urban Forestry	8,017,755	8,594,453	8,719,510	8,960,853	8,931,855	6,204,809
Public Buildings	5,451,003	6,082,608	6,366,119	6,718,341	6,456,117	6,017,037
Fleet Maintenance	2,711,665	2,948,028	3,011,737	3,251,713	3,195,803	2,914,259
Transportation Engineering		1,752,579	1,932,122	1,988,943	1,954,582	2,157,216
Administration	1,526,346	2,150,083	2,334,977	2,439,914	2,351,231	2,120,600
Total Transportation & Operations	\$ 24,439,143	\$ 30,327,325	\$ 29,162,990	\$ 30,206,989	\$ 29,483,117	\$ 26,934,806

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Note: Prior to FY 2006/07, the budget for Transportation Engineering was displayed as part of the "Engineering" budget in the Community Development Department.

Special Projects

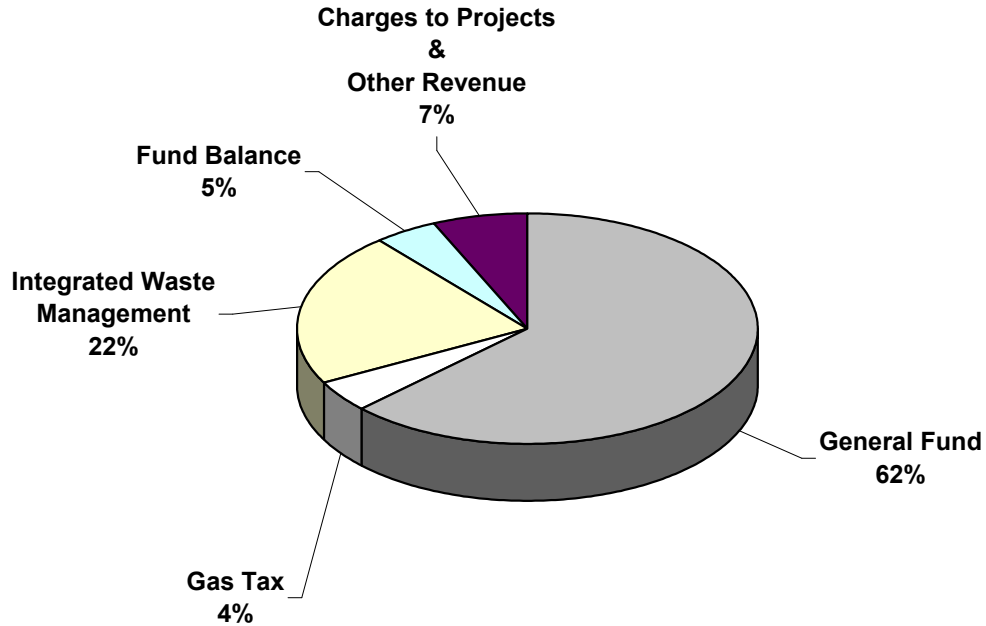
1. Complete the baseline update of the Citywide travel demand model from the year 2025 to 2030, which will be used for updating the Transportation Chapter of the City's General Plan. The Transportation Chapter of the General Plan describes Fremont's current transportation system, presents projections and assumptions about its transportation future, and also discusses how the City will address its future transportation needs.
2. Continue with upgrades and new installations of building energy management systems for increased energy conservation at City facilities such as the Development Center, the Family Resource Center, and Fire Stations 2, 3, and 6.
3. Continue with major construction activities for the Washington Boulevard/Paseo Padre Parkway Grade Separation Project.
4. Partner with the Finance and Information Technology Services Departments to develop standardized procedures and forms for the procurement and disposition of building, fleet, and information technology equipment.
5. Establish an automated chemical inventory and Material Safety Data Sheet (MSDS) management system for City staff to meet regulatory responsibilities, enable employees to readily access information about substances used in the workplace via the intranet, and facilitate extensive record keeping requirements.
6. Implement the enhanced litter abatement program to comply with the expanded National Pollutant Discharge Elimination System (NPDES) storm water permit requirements.



Department Budgets | Transportation & Operations

Transportation and Operations Sources of Funding

FY 2008/09: \$26,934,806



Transportation & Operations Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 8,716,040	\$ 11,028,648	\$ 11,775,000	\$ 12,837,849	\$ 12,681,472	\$ 13,507,495
Operating Expenditures	11,815,881	14,649,481	12,483,155	12,401,476	11,833,981	10,557,935
Capital Expenditures	58,027	78,469	45,201	79,700	79,700	70,900
Indirect Expense Allocation**	3,849,195	4,570,727	4,859,634	4,887,964	4,887,964	2,798,476
Totals	\$ 24,439,143	\$ 30,327,325	\$ 29,162,990	\$ 30,206,989	\$ 29,483,117	\$ 26,934,806

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget

-8.6%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

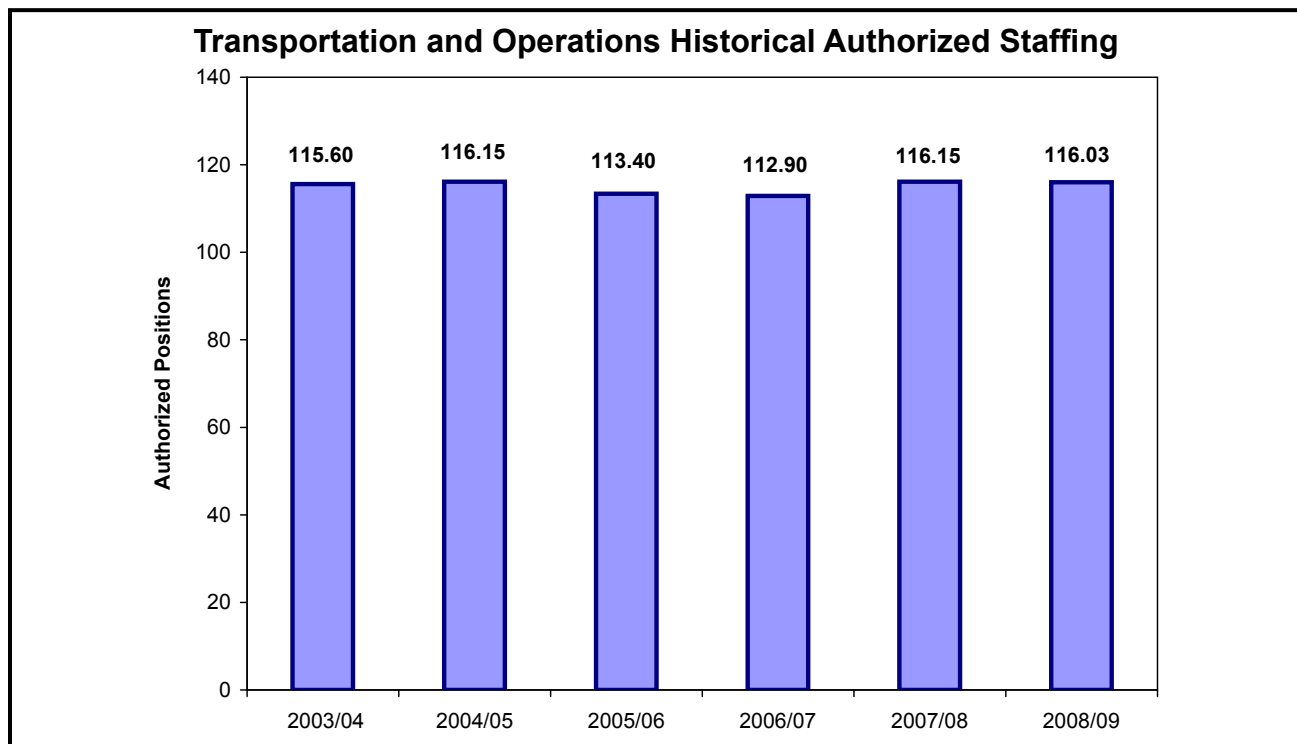
** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Department Budgets | Transportation & Operations

Major Changes for FY 2008/09

The FY 2008/09 budget is \$26,934,806, which is \$2,548,311 (or 8.6%) less than the FY 2007/08 adopted budget. Beginning in FY 2008/09, the Maintenance Division will be included in the General Fund, rather than in a separate fund with transfers in from the General Fund. Salary and benefit costs are increasing as a result of negotiated cost of living adjustments with employee bargaining units, including those approved after the FY 2007/08 budget was adopted. However, a portion of the increase is offset because the department is reducing its staffing by 0.125 FTE positions, as a result of a decrease of 1.0 FTE, which is part of the Maintenance Division reorganization, and the addition of one 0.875 FTE temporary to regular conversion in the Environmental Services Division to address the increasing reporting and compliance requirements of the Clean Water program. The 1.0 FTE decrease is a savings to the General Fund. The 0.875 FTE increase is funded by fees and will have no impact on the General Fund.

Operating expenditures appear to be decreasing by 10.8% and indirect expense allocation appears to be decreasing by 42.7%; however, these decreases are primarily due to the changes in presentation that are occurring as a result of moving the Maintenance Division to the General Fund. Historically, the funding for Maintenance included expenditures that were funded by transfers in from other sources. Because Maintenance will now be in the General Fund, some of the maintenance operating and indirect expenditures will be offset by other funding sources, such as Gas Tax and Integrated Waste Management revenue. Without the change in presentation, the actual increase in operating expenditures is 9.3%, primarily related to increases in contract services, utility and fuel costs. Capital expenditures are within normal fluctuation ranges for this category. The actual increase in indirect expense allocation is 3.7%.



Department Budgets | Transportation & Operations

Staffing by Function FY 2008/09
116.025 Permanent Full-Time Equivalents

Transportation and Operations

Environmental Services

Transportation & Operations Director	0.20
Environmental Services Manager	0.90
Business Manager	0.125
Solid Waste Administrator	1.00
Environmental Specialist II	3.75
Environmental Specialist I	2.875
Executive Assistant	0.20
Office Specialist II	1.00

Transportation Engineering

Transportation & Operations Director	0.50
Senior Transportation Engineer	2.00
Business Manager	0.125
Associate Transportation Engineer	3.00
Management Analyst II	0.25
Transportation Engineer II	3.00
Executive Assistant	0.50
Engineering Technician I	1.00
Office Specialist II	1.00

Maintenance Services

Administration

Transportation & Operations Director	0.30
Deputy Director, Maintenance Operations	1.00
Business Manager	0.75
Management Analyst II	1.25
Executive Assistant	0.30
Administrative Assistant	1.00
Office Specialist II	3.00

Public Buildings

Building Maintenance Supervisor	1.00
Building Maint. Field Supervisor	3.00
Management Analyst I	1.00
Building Trades Worker III	1.00
Building Maintenance Coordinator	1.00
Building Maintenance Worker II	13.00
Building Maintenance Worker I	1.00
Office Specialist II	1.00

Environmental Compliance

Management Analyst II	1.00
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Fleet Maintenance

Equipment Maintenance Supervisor	1.00
Fleet Mechanic II	2.00
Heavy Equipment Mechanic	3.00
Auto Equipment Mechanic	1.00
Auto Parts & Maint. Coordinator	1.00
Mechanic Assistant	3.00
Office Specialist II	1.00

Street Maintenance

Pavement Maintenance

Street Maintenance Supervisor	0.35
Street Field Supervisor	1.00
Street Maintenance Worker II	4.00
Street Maintenance Worker I	4.00

Street Sanitation

Street Maintenance Supervisor	0.35
Street Field Supervisor	1.00
Street Maintenance Worker II	7.00
Street Maintenance Worker I	1.00

Traffic Safety

Street Maintenance Supervisor	0.30
Street Field Supervisor	1.00
Street Maintenance Worker II	4.00
Street Maintenance Worker I	4.00

Urban Landscaping

Tree Crews

Park Maintenance Supervisor	0.40
Park Field Supervisor	2.00
Park Maintenance Worker II	5.00
Park Maintenance Worker I	2.00

Median Crews

Park Maintenance Supervisor	0.60
Park Field Supervisor	2.00
Park Maintenance Worker II	4.00
Park Maintenance Worker I	8.00

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Administrative Departments

Description of Responsibilities and Services

The Administrative Departments include the City Manager's Office, City Attorney's Office, City Clerk's Office, Human Resources, Finance, and Information Technology Services. These departments work together to provide the organization infrastructure that makes services to the community possible. Because they work collaboratively to support the organization, administrative departments' special projects are presented collectively. Other department budget information is displayed on subsequent pages.

Special Projects

City Manager's Office

1. Facilitate major land use and economic development projects, including the baseball stadium/ Ballpark Village proposed by the Oakland A's.
2. Expand implementation of the organizational development program focusing on leadership and management training.
3. Serve as central point of contact for the development of a City Emergency Operations Center (EOC) at the Maintenance Center, in conjunction with the Fire Department and other departmental stakeholders.

City Attorney's Office

4. Provide interdepartmental training on record retention processing requirements and issues.
5. Review and update standard public works contract documents, including general conditions.

City Clerk's Office

6. Design and implement a Records Improvement Pilot Program for managing, storing, tracking, retrieving, and disposing of City documents for the Environmental Services Division and the City Clerk's Office.

Finance Department

7. Implement improvements to the purchasing ordinance by clarifying change order processes and criteria for using State and other public agency contracts in order to reduce City costs by making use of economies of scale.

Department Budgets | Administrative Departments

8. In conjunction with the redesign of the City's website, make more documents available and easily accessible online.
9. Implement a banking services option to pay certain vendors using the bank's e-payables program to better time cash flows and enhance investment earnings.
10. Continue to collaborate with the City Clerk's Office to improve document management efforts in order to reduce the costs of records storage and improve accessibility to City historical records.
11. Implement a web-based application for business license renewals.
12. Partner with the Information Technology Services and Transportation and Operations Departments to develop standardized procedures and forms for the procurement and disposition of building, fleet, and information technology equipment.

Human Resources Department

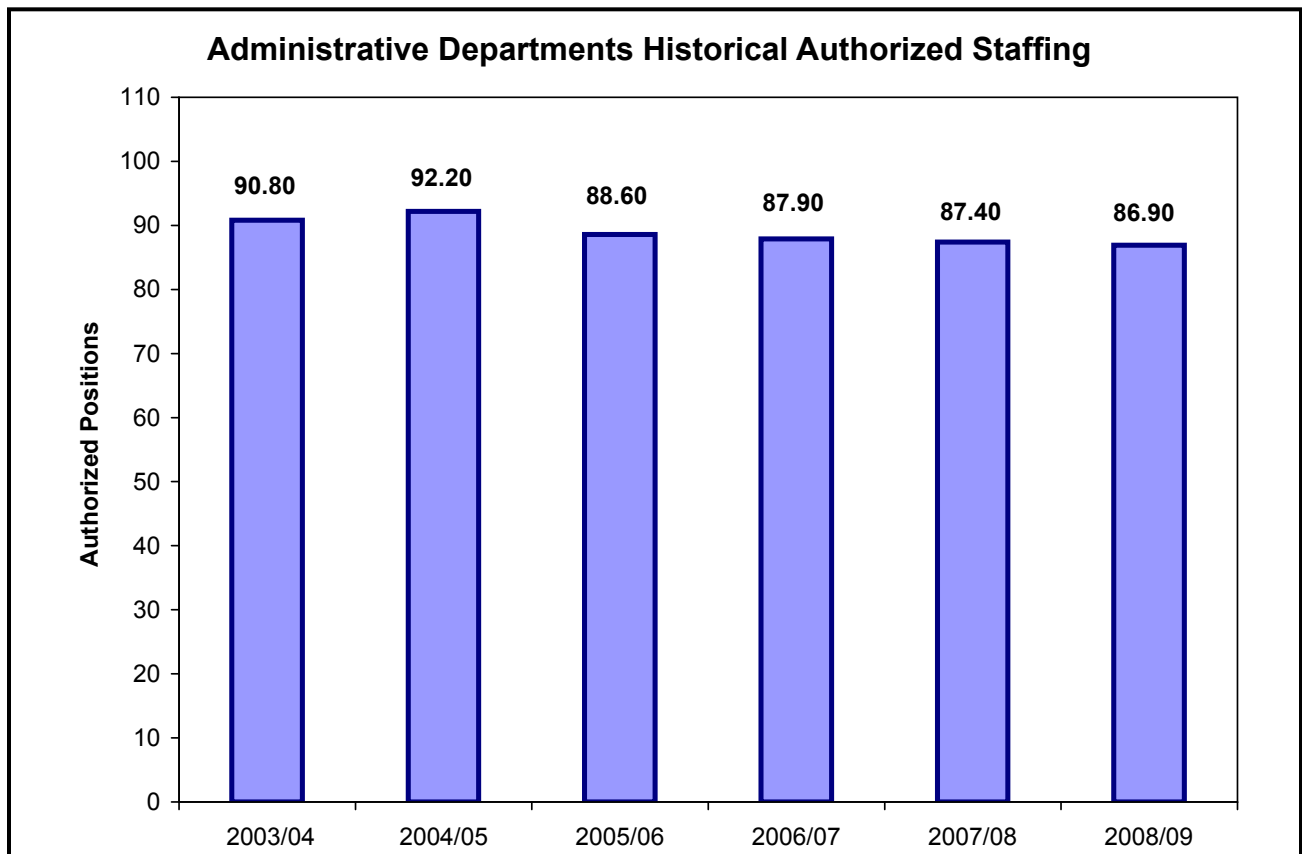
13. Provide leadership to the Benefits Committee, comprised of representatives from the City Manager's Office, Finance, and Human Resources, to evaluate current delivery of benefit programs.
14. Develop and begin to implement a Citywide employment outreach program to build strategic alliances with local colleges, community groups, and high schools to attract top talent to the City of Fremont's workforce.
15. Partner with Risk Management to design and implement a return to work program.

Information Technology Services

16. Prepare requirements for an online land use/building permit application for the Community Development Department through customer needs assessment, analysis, and software vendor evaluations.
17. Continue to restructure the change process for street address issuance to allow for electronic exchange, improved turn-around times, and efficient incorporation into citywide systems.
18. Install a replacement system for the current telephone notification system.
19. Support the Police Department in the development and construction of a new training classroom at the indoor firing range facility.
20. Provide support for the design and construction of remodeled fire stations and fire training classrooms.

Department Budgets | Administrative Departments

21. Lead the redesign of the City website and the City's Intranet site to improve ease of navigation for users and maintenance by City staff, to more effectively track website usage, and to increase opportunities for users to conduct online business with the City.
22. Develop a funding and deployment plan for an organization-wide upgrade to Voice over Internet Protocol (VoIP) technology.
23. Plan and begin implementation of virtual technology for more efficient server utilization and data storage resulting in an enhanced information technology infrastructure, lower hardware costs, and reduced energy demand.
24. Design a new data center for the anticipated relocation of the ITS Department that will include technologies for better disaster recovery capabilities and better use of energy.
25. Provide support for the development of an Emergency Operations Center (EOC) at the City's Maintenance Center.
26. Support the establishment of an automated chemical inventory and Material Safety Data Sheet (MSDS) management system for the Transportation and Operations Department to more efficiently manage the chemicals used in the workplace.



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City Manager

Mission:

To provide supportive leadership, creating an environment in which all employees, the City Council, and the community, working together, can use their abilities to the fullest extent to provide valued services to the community, giving shape and action to the City Council's policies and goals.

Description of Responsibilities and Services

The City Manager's Office is responsible for providing support and advice to the City Council, offering leadership and policy support for departments, fostering community partnerships and interagency collaboration, connecting citizens with their community, providing legislative policy support, and championing the organization's continuing transformation to a highly customer-focused, results-oriented, entrepreneurial team.

The City Manager's Office supports the City Council's efforts to engage in legislative advocacy on the local, state, and national levels to advocate the City's interests and increase the City's influence as a leader. Similarly, it leads efforts to publicize Fremont's innovative programs, services, and best practices to enhance the City's visibility and role as a leading local government agency.

City Manager's Office
Historical Expenditures/Budget, by Major Service Area

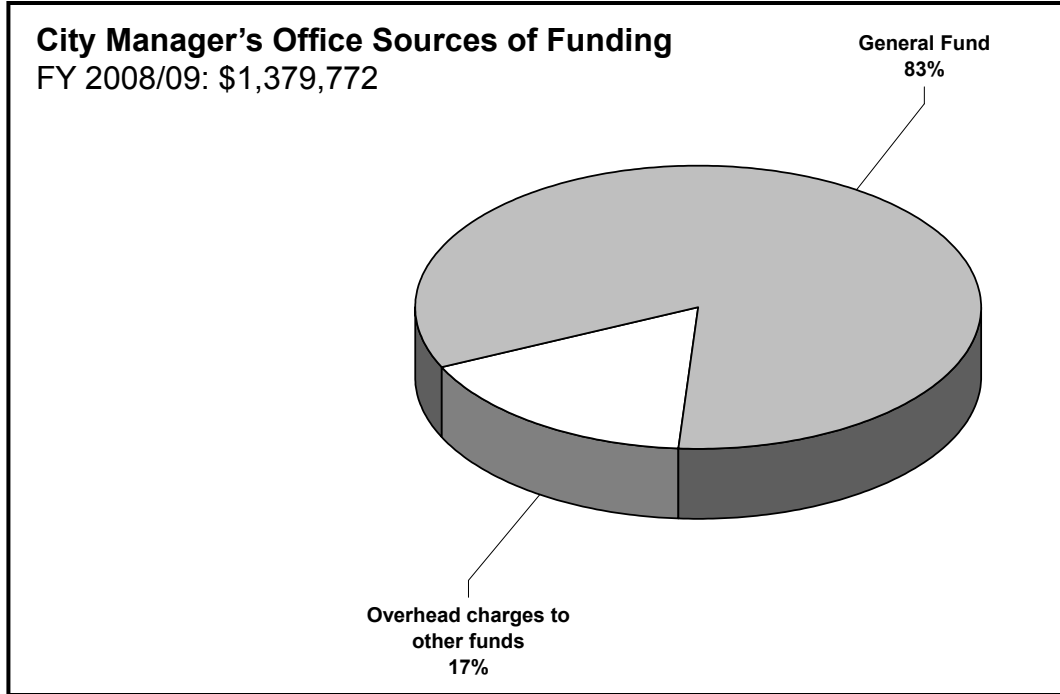
	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
City Manager's Office	\$ 644,009	\$ 660,239	\$ 593,839	\$ 910,537	\$ 910,538	\$ 562,203
Administrative Systems Office	673,512	771,563	932,303	997,254	940,087	817,569
Total City Manager's Office	\$ 1,317,521	\$ 1,431,802	\$ 1,526,142	\$ 1,907,791	\$ 1,850,625	\$ 1,379,772

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Special Projects

1. Facilitate major land use and economic development projects, including the baseball stadium/ Ballpark Village proposed by the Oakland A's.
2. Expand implementation of the organizational development program focusing on leadership and management training.
3. Serve as central point of contact for the development of a City Emergency Operations Center (EOC) at the Maintenance Center, in conjunction with the Fire Department and other departmental stakeholders.

Department Budgets | City Manager



City Manager's Office Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 979,590	\$ 1,205,047	\$ 1,123,270	\$ 1,399,611	\$ 1,360,444	\$ 949,994
Operating Expenditures	183,251	98,067	239,617	331,857	313,857	295,496
Capital Expenditures	-	-	3,580	16,648	16,648	7,683
Indirect Expense Allocation**	154,680	128,688	159,675	159,675	159,676	126,599
Totals	\$ 1,317,521	\$ 1,431,802	\$ 1,526,142	\$ 1,907,791	\$ 1,850,625	\$ 1,379,772

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget -25.4%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Major Changes for FY 2008/09

The total FY 2008/09 budget is \$1,379,772, which is \$470,853 (or 25.4%) less than the FY 2007/08 adopted budget. Salary and benefit costs are 30.2% less than the FY 2007/08 adopted budget. This significant decrease is the result of a combination of factors. First, in order to achieve the Citywide savings target of \$1.3 million (1%), the vacant Deputy City Manager and Intergovernmental Relations Manager positions will not be funded or filled. In addition, beginning in FY 2008/09, 25% of the City Manager's salary and benefits will be included in the Redevelopment Agency budget to allocate time spent as the Redevelopment Agency Executive Director. Operating expenditures are decreasing slightly, primarily due to the transfer of certain association memberships to the City Council budget. The capital expenditure category fluctuates annually depending on equipment purchase needs. The indirect expense allocation is decreasing by 20.7% due to redistributing these costs between departments as a result of updated inventories of equipment allocations. The decrease is partially offset by an increase in this category in the Economic Development Department.

Staffing by Function FY 2008/09

7.45 Permanent Full-Time Equivalents

City Manager's Office

City Manager	0.75
Intergovernmental Relations Manager	1.00
Executive Assistant to the City Manager	1.00

Administrative Systems Office

Deputy City Manager	1.70
Management Analyst II	1.00
Executive Assistant	1.00
Office Specialist II	1.00

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City Attorney

Mission:

The primary mission of the City Attorney's Office is to provide the City Council and staff with high quality, cost effective, innovative, customer-focused representation and advice, and proactive risk management.

Description of Responsibilities and Services

The City Attorney's Office provides day-to-day legal services for the City, ranging from defending lawsuits to acquiring property. Staff attorneys advise the City Council, commissions, boards, and staff on legal matters such as land use regulations, special development projects, potential liability for City actions, and compliance with federal and State mandates. The office assists the City in negotiating complex agreements, including labor agreements, public/private partnerships, and redevelopment agreements. The office also manages the Risk Management program for all City departments, including workers' compensation administration.

City Attorney's Office Historical Expenditures/Budget, by Major Service Area

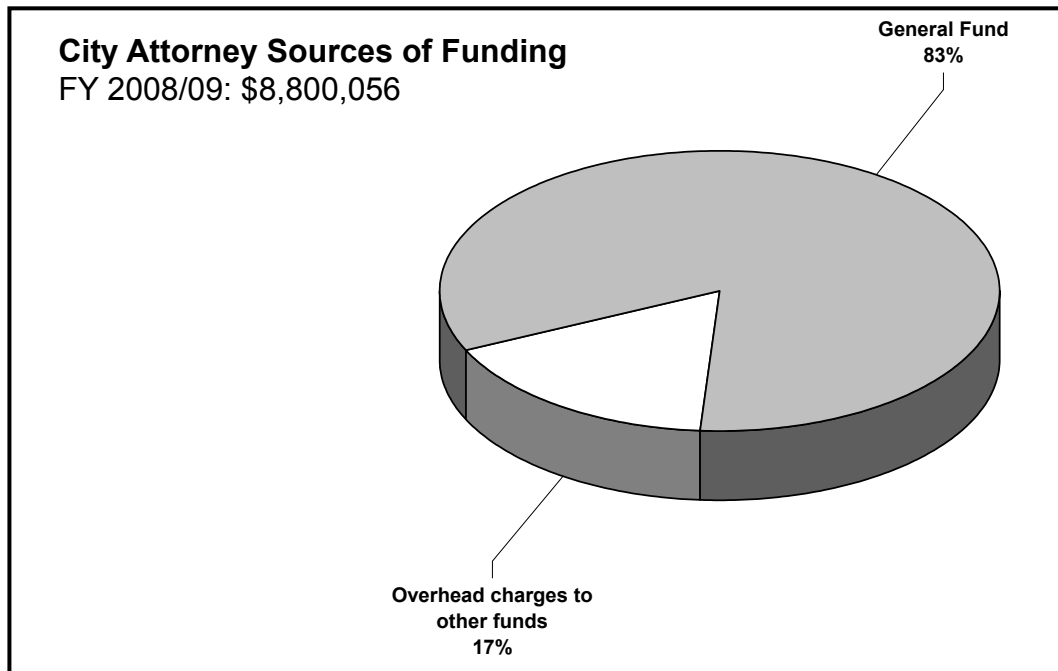
	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
City Attorney	\$ 1,544,626	\$ 1,753,494	\$ 1,710,046	\$ 1,785,411	\$ 1,761,636	\$ 1,649,742
Risk Management	5,699,915	6,694,419	5,837,157	6,604,164	6,575,965	7,150,313
Total City Attorney's Office	\$ 7,244,541	\$ 8,447,913	\$ 7,547,203	\$ 8,389,575	\$ 8,337,601	\$ 8,800,055

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Special Projects

1. Provide interdepartmental training on record retention processing requirements and issues.
2. Review and update standard public works contract documents, including general conditions.

Department Budgets | City Attorney



City Attorney's Office Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 1,449,271	\$ 1,752,236	\$ 1,736,894	\$ 1,850,314	\$ 1,822,348	\$ 1,768,663
Operating Expenditures	5,717,846	6,584,269	5,689,832	6,418,784	6,394,776	6,946,760
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	77,424	111,408	120,477	120,477	120,477	84,633
Totals	\$ 7,244,541	\$ 8,447,913	\$ 7,547,203	\$ 8,389,575	\$ 8,337,601	\$ 8,800,056

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget

5.5%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Major Changes for FY 2008/09

The FY 2008/09 budget is \$8,800,056, an increase of \$462,455 (or 5.5%) from the FY 2007/08 adopted budget. The increase is primarily attributable to higher Citywide risk management costs, which are managed by the City Attorney's Office. These costs are increasing by approximately \$500,000 for FY 2008/09 based on actuarial projections. Salary and benefit costs are increasing based on negotiated cost of living adjustments with employee bargaining units, including those approved

after the FY 2007/08 budget was adopted. However, overall salaries and benefits for FY 2008/09 reflect a net decrease of 2.9% from the FY 2007/08 adopted budget. This decrease is the result of not filling one vacant position in order to meet the City's expenditure savings target. In addition, beginning in FY 2008/09, 25% of the City Attorney's salary and benefits will be included in the Redevelopment Agency budget to better reflect the resources spent on Redevelopment Agency activities. Operating expenditures are increasing by 8.6% over the FY 2007/08 adopted budget, primarily due to increases in claims expenses citywide. The indirect expense allocation is decreasing by 29.8% as a result of updated inventories of equipment allocations citywide.

Staffing by Function FY 2008/09

10.50 Permanent Full-Time Equivalents

City Attorney's Office

City Attorney	0.75
Assistant City Attorney	1.00
Senior Deputy City Attorney	2.00
Deputy City Attorney	1.00
Law Officer Supervisor	1.00
Paralegal	0.75
Legal Secretary	1.00

Risk Management

Risk Manager	1.00
Risk Management Technician	1.00
Safety Coordinator	1.00

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City Clerk

Mission:

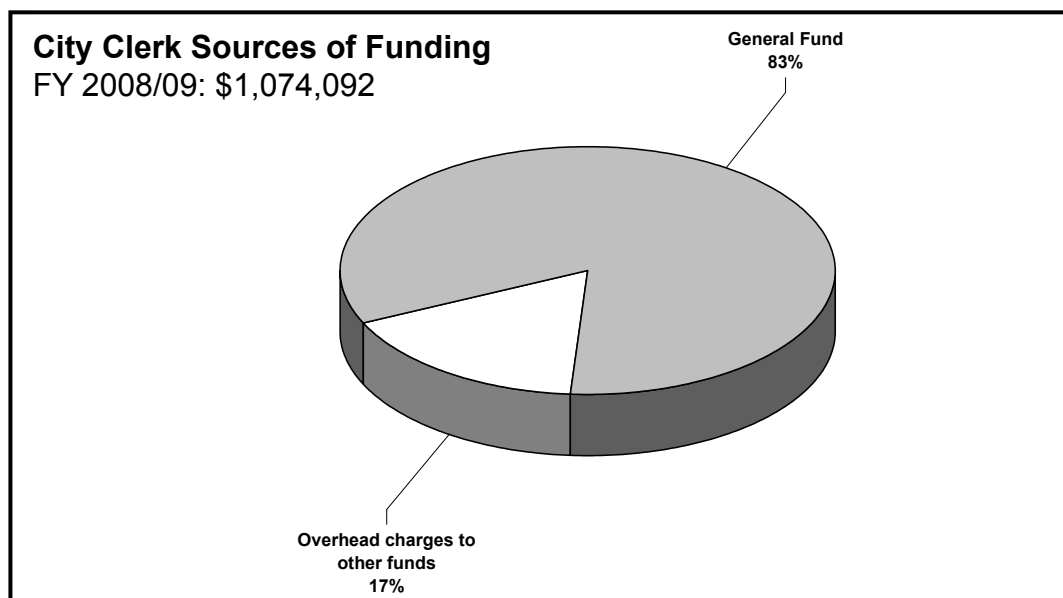
Ensure citizens' trust in government by supporting the City's legislative process and providing open, accurate and timely legislative history; safeguarding all official records of the City; administering open and free elections; and providing information and services to support the City Council, staff, and the public.

Description of Responsibilities and Services

The Office of the City Clerk oversees the preparation of the City Council agenda, records the City Council's actions in official minutes, maintains a computerized legislative history, and is responsible for safeguarding official documents. The City Clerk is the elections officer for the City and is responsible for the administration of all general and special municipal elections. The City Clerk is the administrator and filing officer for the Fair Political Practices Commission and City of Fremont Conflict of Interest Regulations. The Office of the City Clerk oversees a records management system that provides for the electronic research and storage of City records, responds to public requests for information, distributes mail to City facilities, and administers the contract for off-site print services.

Special Projects

1. Design and implement a Records Improvement Pilot Program for managing, storing, tracking, retrieving, and disposing of City documents for the Environmental Services Division and the City Clerk's Office.



Department Budgets | City Clerk

City Clerk

Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 422,588	\$ 516,568	\$ 530,683	\$ 557,090	\$ 557,090	\$ 605,008
Operating Expenditures	400,654	454,981	306,899	333,184	325,274	321,130
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	128,194	155,040	182,577	182,577	182,577	147,954
Totals	\$ 951,436	\$ 1,126,589	\$ 1,020,159	\$ 1,072,851	\$ 1,064,941	\$ 1,074,092

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget 0.9%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Major Changes for FY 2008/09

The FY 2008/09 budget is \$1,074,092, an increase of \$9,151 (or 0.9%) from the FY 2007/08 adopted budget. Salary and benefit costs are increasing based on negotiated cost of living adjustments with employee bargaining units, including those approved after the FY 2007/08 budget was adopted, as well as reclassification of one support staff position in the department. This increase is substantially offset by a decrease in operating expenses, as well as a 19% reduction in the department's allocation of Citywide indirect expenses.

Staffing by Function FY 2008/09

5.30 Permanent Full-Time Equivalents

City Clerk

Deputy City Manager	0.30
City Clerk	1.00
Deputy City Clerk	1.00
Office Specialist II	1.00
Office Specialist I	2.00

Finance

Mission:

To assist the City Council, City Manager, and operating departments in prudently managing financial resources and assets by providing accurate information and high-quality business planning and financial services, including budgeting, debt management, accounting, purchasing, revenue collection and management, and payables processing.

Description of Responsibilities and Services

The Finance Department is responsible for providing financial information, policy analyses, and recommendations that help the City Council and all City departments make decisions about how to best allocate the City's resources. The department supports the organization's immediate as well as long-range resource allocation decisions, and responds to both economic fluctuations and changes in the State's fiscal outlook. Finance Department staff facilitate efforts to evaluate the effects of budget changes on service levels, assist departments with business planning, support Citywide economic development projects, and provide recommendations on proposals with a financial impact.



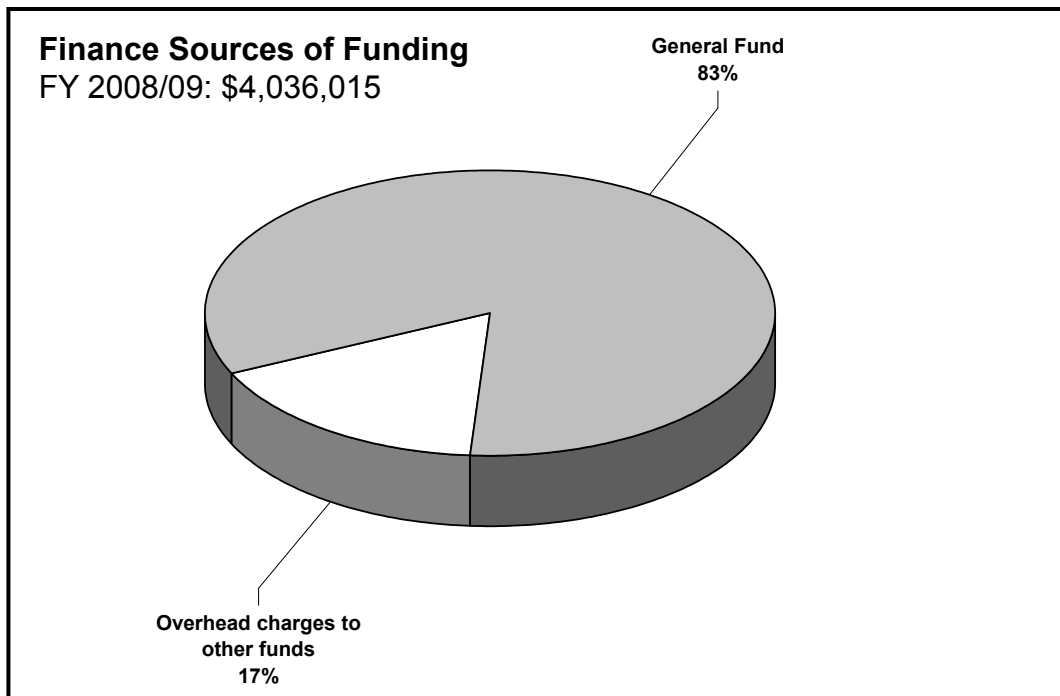
The department's core responsibilities include: accounting for the City's resources and disclosing the financial condition of the City and results of its operations in the year-end comprehensive annual financial report; monitoring local business and economic trends for effects on the City's revenue sources; preparing and monitoring the annual operating budget; providing accounts payable, accounts receivable, and purchasing services; collecting and auditing all locally-controlled revenues, including taxes, charges, and fines; and managing the City's investment, debt financing, and banking functions.

Special Projects

1. Implement improvements to the purchasing ordinance by clarifying change order processes and criteria for using State and other public agency contracts in order to reduce City costs by making use of economies of scale.
2. In conjunction with the redesign of the City's website, make more documents available and easily accessible online.
3. Implement a banking services option to pay certain vendors using the bank's e-payables program to better time cash flows and enhance investment earnings.
4. Continue to collaborate with the City Clerk's Office to improve document management efforts in order to reduce the costs of records storage and improve accessibility to City historical records.

Department Budgets | Finance

5. Implement a web-based application for business license renewals.
6. Partner with the Information Technology Services and Transportation and Operations Departments to develop standardized procedures and forms for the procurement and disposition of building, fleet, and information technology equipment.



Finance Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 2,827,595	\$ 2,820,496	\$ 3,004,881	\$ 3,077,376	\$ 3,027,390	\$ 3,108,087
Operating Expenditures	366,247	541,009	416,665	432,095	399,815	407,814
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	160,257	252,096	450,062	450,062	450,062	520,114
Totals	\$ 3,354,099	\$ 3,613,601	\$ 3,871,608	\$ 3,959,533	\$ 3,877,267	\$ 4,036,015

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget 4.1%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Major Changes for FY 2008/09

The FY 2008/09 budget is \$4,036,015, an increase of \$158,748 (or 4.1%) over the FY 2007/08 adopted budget. Salary and benefit costs are increasing to reflect negotiated cost of living adjustments with employee bargaining units, including those approved after the FY 2007/08 budget was adopted. The overall increase in this category is relatively small, due to not filling one vacant position as part of the City's overall budget savings strategy. Operating expenditures are increasing consistent with typical CPI increases in this category citywide. The indirect expense allocation is increasing as a result of updated inventories of equipment allocations citywide.

Staffing by Function FY 2008/09			
24.75 Permanent Full-Time Equivalents			
Finance			
	Finance Director		1.00
	Assistant Finance Director		1.00
	Budget Manager		1.00
	Management Analyst II		1.00
	Executive Assistant		1.00
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Budget and Accounting Services		Treasury	
	Senior Accountant		Revenue & Treasury Manager 1.00
	Accountant		Accounting Technician 1.00
	Accounting Technician		
┌───────────┴───────────┐			
Purchasing/Accounts Payable		Revenue	
	Operations Supervisor		Operations Supervisor 1.00
	Accounting Specialist II		Revenue Collector/Auditor 2.00
			Accounting Specialist II 3.75

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Human Resources

Mission:

Partner with City departments to build and support an innovative, high performance organization.

Description of Responsibilities and Services

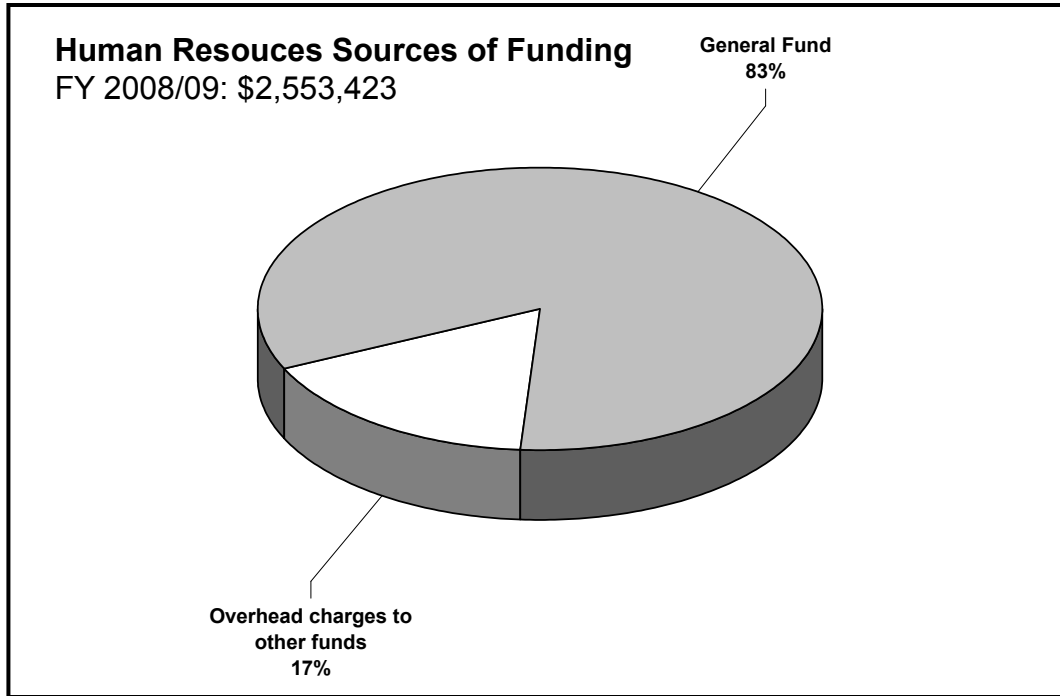
Human Resources is responsible for providing specialized assistance to all employees in the following areas: employee and labor relations; Citywide policy development; employee and organizational development; recruitment, examination, classification, compensation, and benefits and payroll administration. The department also conducts retirement counseling, new employee orientations, and ensures compliance with federal and State employment and income tax laws.



Special Projects

1. Provide leadership to the Benefits Committee, comprised of representatives from the City Manager's Office, Finance, and Human Resources, to evaluate current delivery of benefit programs.
2. Develop and begin to implement a Citywide employment outreach program to build strategic alliances with local colleges, community groups, and high schools to attract top talent to the City of Fremont's workforce.
3. Partner with Risk Management to design and implement a return to work program.

Department Budgets | Human Resources



Human Resources Historical Expenditures/Budget, by Category

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 1,872,501	\$ 1,868,067	\$ 2,106,272	\$ 2,125,469	\$ 2,113,149	\$ 2,136,871
Operating Expenditures	157,754	175,913	218,512	283,142	234,193	238,877
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	87,720	154,752	178,937	178,937	178,937	177,675
Totals	\$ 2,117,975	\$ 2,198,732	\$ 2,503,721	\$ 2,587,548	\$ 2,526,279	\$ 2,553,423

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget

1.1%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

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Information Technology Services

Mission:

To support the computer, data, and telecommunications resources of the organization by providing employees and the public with enhanced access and tools to information and technology. The ITS Department is committed to utilizing innovative and collaborative solutions, as well as the best proven technology available, to provide excellent service that meets customer expectations.

Description of Responsibilities and Services

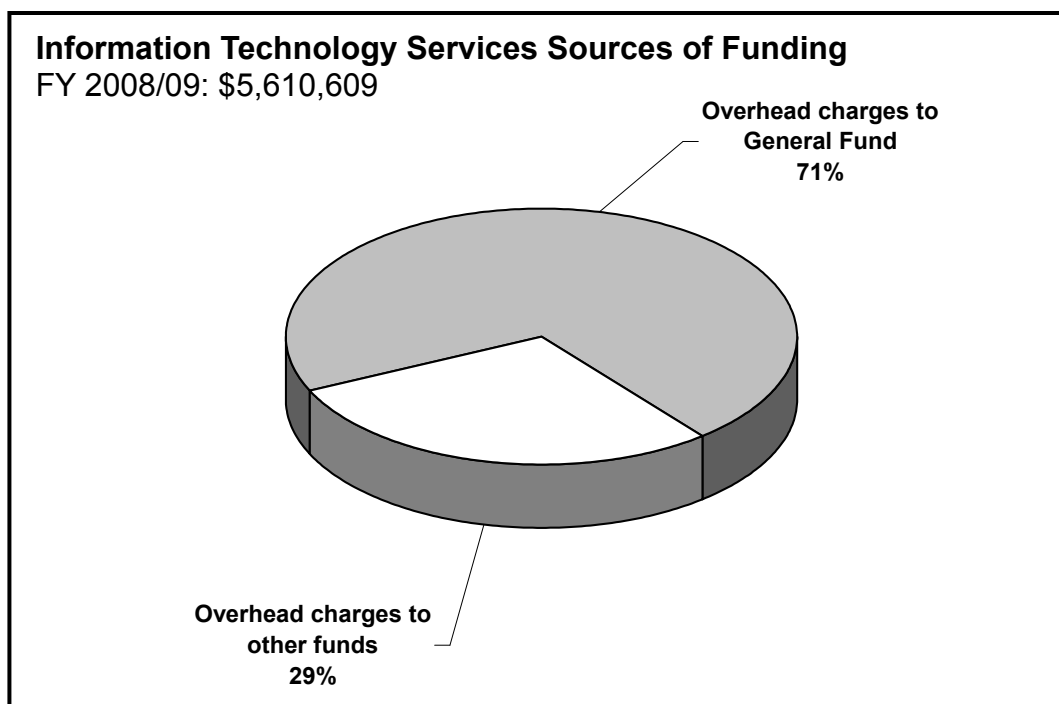
Information Technology Services is responsible for providing and maintaining computer, telecommunications, data network and security services to support the general operations of the City organization. Information Technology Services supports the City's core business processes and applications, such as the Intranet/Internet websites, HR/Payroll, Financials, Human Services client tracking, Maintenance work order tracking, Fleet maintenance, Business License, Recreation Class registration, Fire and Police Records Management Systems, Police Computer-Aided Dispatch System together with mobile computing and field reporting, and Police Corrections Management System. Information Technology Services is also responsible for expanding and promoting interagency cooperation for regional GIS data sharing and exploring options for new public access applications. Information Technology Services plans, selects and implements appropriate technologies to ensure these systems fulfill each department's mission and integrate, wherever possible, with the other parts of the organization for cost-effective and efficient operations. Information Technology Services staff also advise departments on computer and telecommunication matters, provide employee technology-related training, and manage technology projects.



Ongoing services include conducting routine maintenance, performing periodic upgrades for enhanced functionality, assisting the end user departments in meeting city, State, and federal reporting requirements, and continuously improving network security mandated by State and federal laws. Other ongoing department objectives are to ensure that the network infrastructure and telecommunications systems are consistently available to the user departments in order for them to deliver services to their customers. In addition, GIS continuously provides updates to parcel, assessor, and general map information.

Special Projects

1. Prepare requirements for an online land use/building permit application for the Community Development Department through customer needs assessment, analysis and software vendor evaluations.
2. Continue to restructure the change process for street address issuance to allow for electronic exchange, improved turn-around times, and efficient incorporation into citywide systems.
3. Install a replacement system for the current telephone notification system.
4. Support the Police Department in the development and construction of a new training classroom at the indoor firing range facility.
5. Provide support for the design and construction of remodeled fire stations and fire training classrooms.
6. Lead the redesign of the City website and the City's Intranet site to improve ease of navigation for users and maintenance by City staff, to more effectively track website usage, and to increase opportunities for users to conduct online business with the City.
7. Develop a funding and deployment plan for an organization-wide upgrade to Voice over Internet Protocol (VoIP) technology.
8. Plan and begin implementation of virtual technology for more efficient server utilization and data storage resulting in an enhanced information technology infrastructure, lower hardware costs, and reduced energy demand.
9. Design a new data center for the anticipated relocation of the ITS Department that will include technologies for better disaster recovery capabilities and better use of energy.
10. Provide support for the development of an Emergency Operations Center (EOC) at the City's Maintenance Center.
11. Support the establishment of an automated chemical inventory and Material Safety Data Sheet (MSDS) management system for the Transportation and Operations Department to more efficiently manage the chemicals used in the workplace.



**Information Technology Services
Historical Expenditures/Budget, by Category**

	2005/06 Actual	2006/07 Actual	2007/08 Estimated Actual	2007/08* Adjusted Budget	2007/08 Adopted Budget	2008/09 Adopted Budget
Salaries & Benefits	\$ 2,262,129	\$ 2,457,354	\$ 2,749,437	\$ 2,868,101	\$ 2,821,246	\$ 3,060,436
Operating Expenditures	717,282	911,913	1,010,616	1,266,066	1,100,065	1,091,823
Capital Expenditures	276,621	313,657	721,304	723,483	721,500	781,451
Indirect Expense Allocation**	538,529	612,192	639,420	639,420	639,420	676,899
Totals	\$ 3,794,561	\$ 4,295,116	\$ 5,120,777	\$ 5,497,070	\$ 5,282,231	\$ 5,610,609

% increase/(decrease), including all funds, from FY 2007/08 Adopted Budget 6.2%

* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

Department Budgets | Information Technology Services

Major Changes for FY 2008/09

The total FY 2008/09 budget is \$5,610,609, which is \$328,378 (or 6.2%) more than the FY 2007/08 adopted budget. Salary and benefit costs are increasing as a result of negotiated cost of living adjustments with employee bargaining units, including those approved after the FY 2007/08 budget was adopted. Operating expenditures are increasing only minimally, as the department continues to reduce costs wherever possible. The increase in capital expenditures is due to increased funding for future replacement costs of computer network equipment Citywide. The department's allocation of Citywide indirect expenses is also increasing slightly as a result of the overall increase in expenditures.

Staffing by Function FY 2008/09

21.90 Permanent Full-Time Equivalents

Information Technology Services

Administration

Information Technology Services Director	1.00
Systems Analyst/Programmer	0.04
Accounting Specialist II	0.90

Business Systems

Business System Manager	1.00
Systems Analyst/Programmer	6.91

Geographic Information Systems

GIS Manager	0.90
Computer Specialist	1.00
Info Systems Application Specialist III	2.00

Infrastructure

Data Processing/Telecom. Technician	1.00
Accounting Specialist II	0.10
Network Administrator	2.00
Computer Specialist	4.00
Infrastructure Services Manager	1.00
Systems Analyst/Programmer	0.05

Staffing

Permanent Position Summary

Overview

The total authorized permanent staffing level for FY 2008/09 includes some increases to non-General Fund areas. Staffing levels in the General Fund are 1.0 FTE less than in the prior year because of the elimination of a position resulting from a department reorganization. These staffing levels for the most basic services — Police, Fire, and Maintenance — remain at their lowest level in at least 14 years when viewed in relation to Fremont's population.

The authorized level of 919.975 full time equivalent positions (FTEs) is 7.855 FTEs higher than the FY 2007/08 level of 912.12. The increase in net FTE positions is primarily attributable to the addition of new positions in the cost centers, most notably 5.5 FTE positions in the Community Development Cost Center (related to the A's project) and 2.0 FTE positions related to the new Water Park in the Recreation Cost Center. In addition, an increase of 0.48 FTE in Human Services, and a net decrease of 0.125 FTE in Transportation and Operations, combine to result in the overall 7.855 FTE increase in positions from FY 2007/08 to FY 2008/09.

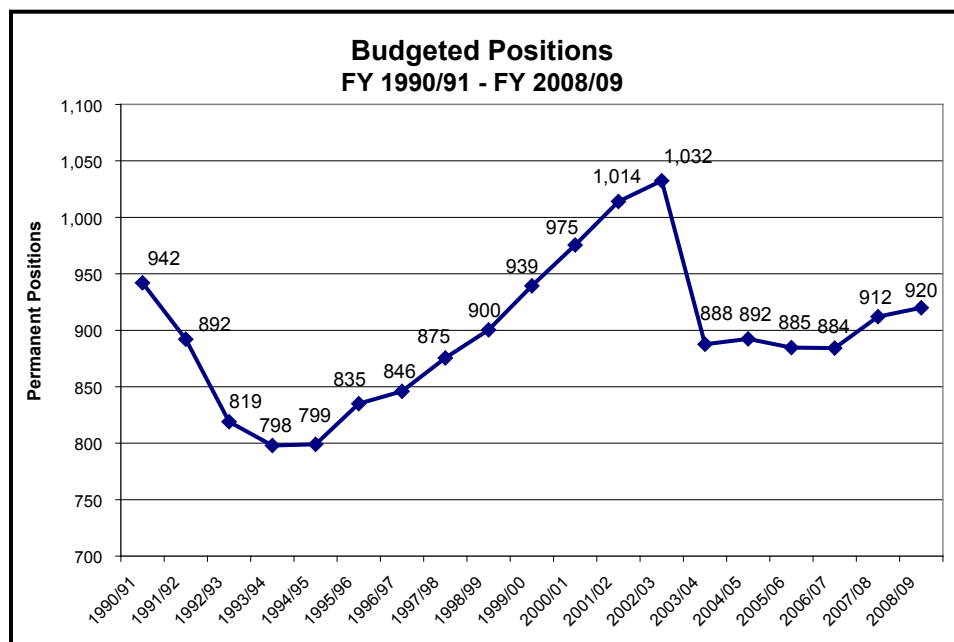
	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
<u>PUBLIC SAFETY</u>								
Fire	176.20	176.00	157.60	153.00	153.00	153.00	161.00	161.00
Police	337.75	337.75	292.90	299.10	294.00	294.00	302.00	302.00
TOTAL	513.95	513.75	450.50	452.10	447.00	447.00	463.00	463.00
<u>OTHER COMMUNITY SERVICES</u>								
Community Development	128.70	129.60	103.32	102.90	105.10	106.42	108.30	113.50
Economic Development	6.00	4.70	3.64	4.75	4.64	4.64	4.69	4.68
Human Services	40.95	44.95	40.57	40.67	43.97	43.97	52.32	52.80
Transportation & Operations	129.10	137.10	115.60	116.15	113.40	112.90	116.15	116.03
Parks and Recreation	72.60	74.25	70.10	68.85	67.35	67.35	67.35	69.35
Housing and Redevelopment	16.05	17.35	13.04	14.68	14.54	13.99	12.91	13.72
TOTAL	393.40	407.95	346.27	348.00	349.00	349.27	361.72	370.08
<u>ADMINISTRATIVE SYSTEMS</u>								
City Manager's Office	4.00	4.00	3.00	3.00	3.00	2.40	3.00	2.75
Administrative Systems Office	12.00	11.10	5.50	6.50	5.30	5.30	4.70	4.70
City Attorney	13.00	13.00	12.00	11.00	10.75	10.75	10.75	10.50
City Clerk	9.00	10.50	7.50	7.40	6.40	6.30	5.30	5.30
Finance	29.65	30.05	25.40	26.40	25.75	25.75	24.75	24.75
Information Technology Services	18.00	21.00	20.40	20.40	20.40	20.40	21.90	21.90
Human Resources	21.00	21.00	17.00	17.50	17.00	17.00	17.00	17.00
TOTAL	106.65	110.65	90.80	92.20	88.60	87.90	87.40	86.90
CITYWIDE TOTAL	1014.00	1032.35	887.57	892.30	884.60	884.17	912.12	919.98

Staffing | Permanent Position Summary

The Community Development Department staffing level is 5.2 FTEs more than the FY 2007/08 level, and is related to the A's proposed ballpark village project. These include 2.5 FTE Associate Planners, 1.0 FTE Associate Civil Engineer, 1.0 FTE Associate Landscape Architect, and 1.0 Civil Engineer II. These positions are funded by charges for services related to the project application work, and do not have any impact on the General Fund. The offsetting 0.3 FTE reduction from these 5.5 new FTE positions, include 0.3 FTE funding shifted from the Community Development Cost Center to the Redevelopment Agency to better reflect actual allocation of work.

The Parks and Recreation Department staffing level for FY 2008/09 is increasing by 2.0 FTEs over the FY 2007/08 level. The new positions, 1.0 FTE Water Park Manager and 1.0 FTE Water Park Operations Manager, are new position classifications to provide oversight for the new Water Park when it comes on line in FY 2008/09.

The Transportation and Operations Department staffing level is decreasing by 0.125 FTEs compared to the FY 2007/08 level. The decrease is the net effect of reducing 1.0 FTE in Maintenance as a result of reorganization of the division (2.0 FTE positions were eliminated, and 1.0 new FTE position was added), and the addition of an 0.875 FTE Environmental Specialist I in Environmental Services to address increasing reporting requirements for the National Pollutant Discharge Elimination System (NPDES) stormwater permit compliance. The Environmental Specialist I is funded by Clean Water Protection fees and will have no effect on the General Fund. The elimination of the Public Buildings Superintendent and Fleet Superintendent positions in Maintenance, offset partially by the addition of a Management Analyst II position, will reduce General Fund costs with the net elimination of 1.0 FTE position.



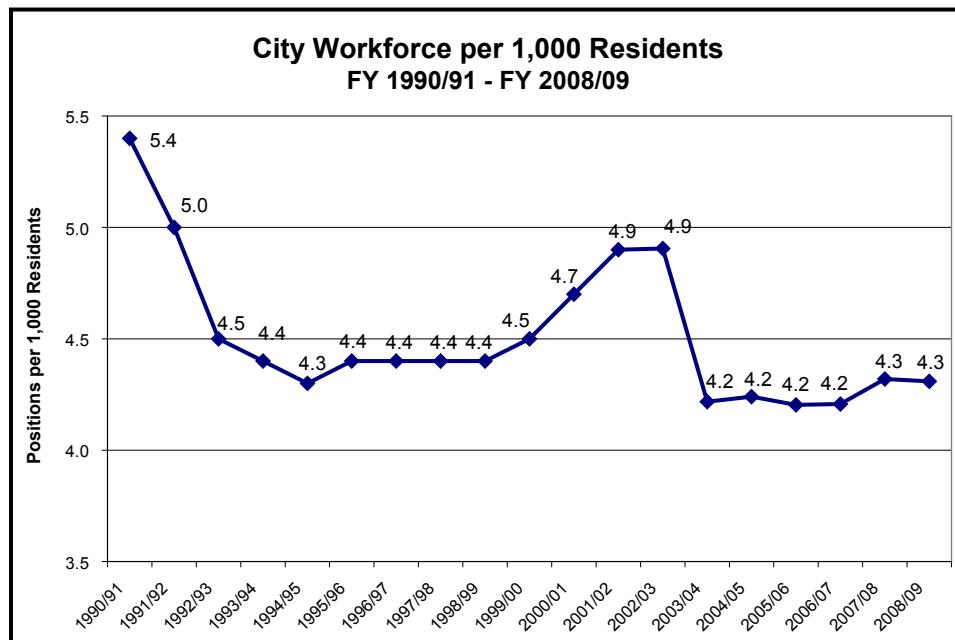
The increase of 0.48 FTE positions in the Human Services Department, although reflected as an increase in FTEs, is actually conversion of former temporary funding to regular status. This 0.48 FTE increase will transfer the funding from temporary to regular funding, and when combined with an existing 0.52 FTE Counselor position, will create a fully funded position in the Youth and Family

Services program, rather than the two existing, part-time regular and part-time temporary positions. This “converted” position is supported by fees and/or grants and, therefore, does not require additional General Fund support.

The other position changes within departments and between the Redevelopment Agency (+0.81 FTE) and other departments (including the City Manager’s Office (-0.25 FTE), City Attorney’s Office (-0.25 FTE), Economic Development (-0.01 FTE) are shifting the charges, but have no net effect on the overall City position count.

Historical Perspective

City staffing has remained relatively constant over the past 15 years despite population growth of approximately 36,000 residents, or nearly 21%. Fremont continues to be the lowest staffed city on a per capita basis in Alameda County. The FY 2008/09 budget authorizes 21 fewer positions than authorized by the City Council for FY 1990/91. The preceding table shows that since the high point achieved in FY 1990/91, Fremont has reduced its workforce during economic recession, and has been disciplined when adding back staff during economic recovery.



During the FY 1990/91 – FY 1993/94 recession, the City eliminated 144 positions. In the subsequent nine-years, as Fremont’s population grew and the economy expanded, the City added 234 positions, mostly in police, fire, and maintenance services. In 2003, the City eliminated 224 positions (168 budgeted and 56 part-time or temporary) as a step toward balancing the FY 2004/05 budget as a result of the high-tech recession. The FY 2003/04 authorized staffing level was 14% lower than the FY 2002/03 adopted budget level, and marked the City’s lowest permanent staffing level since FY 1997/98. Since FY 2003/04, the City’s permanent authorized staffing levels have remained relatively constant, with only minor changes from year to year. The only exception was in FY 2007/08, when critical public safety needs were addressed somewhat by adding some police and fire sworn positions, however, no

Staffing | Permanent Position Summary

other General Fund positions have been added. This budget continues the City's historically low staffing and related service levels. The FY 2008/09 budget continues to be extremely cautious in adding new positions, and only adding positions in non-General Fund areas, in an effort to include only moderate increases and hopefully avoid layoffs that are so often necessitated by fluctuating economic cycles.

Staffing levels are even steadier when population growth over time is considered. Between FY 1990/91 and FY 1994/95, the City reduced its authorized position count from 5.4 to 4.3 positions per 1,000 residents. Between FY 1994/95 and FY 1998/99, per capita staffing stayed constant before the economic expansion later in the decade allowed the City to restore some of the services lost because of the early 1990s recession. The 2001/02 economic recession again forced reduction in the City's per capita staffing to its lowest levels ever — 4.2 FTE per 1,000 residents. Authorized staffing will remain at 4.3 FTE per 1,000 residents level in FY 2008/09, the same level as FY 2007/08.

Staffing Levels Relative to Other Communities

Positions per 1,000 Residents FY 2007/08			
City	2007 Population	Citywide Positions	Positions per 1,000 Residents
Palo Alto	62,520	683	10.92
Oakland	414,516	4,058	9.79
San Jose	972,190	6,135	6.31
Sunnyvale	135,514	790	5.83
Walnut Creek	65,085	384	5.90
Pleasanton	68,567	388	5.66
Livermore	82,646	435	5.26
Newark	43,587	237	5.44
Union City	72,124	343	4.76
Fremont	211,162	912	4.32

Source: FY 2007/08 published city budgets & California Department of Finance Population Estimates for 2007.

Note: Services provided by each community surveyed, and respective funding arrangements, vary widely among cities. The table reflects staffing levels in various communities, with the following adjustments to improve comparability with Fremont:

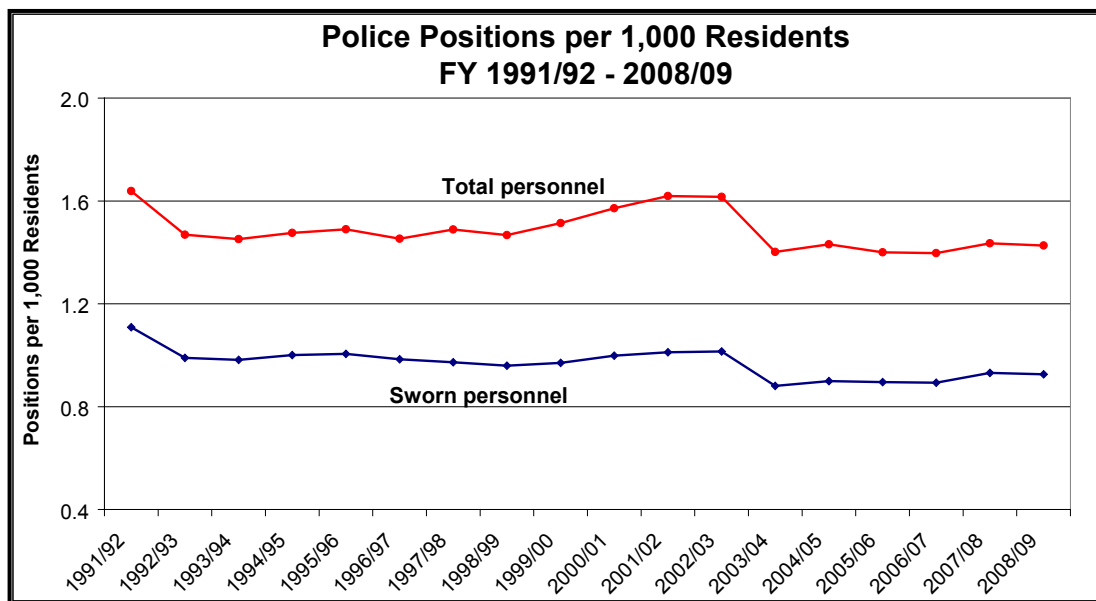
- Palo Alto:** total positions reduced by the number of positions supporting utility, wastewater, stormwater, refuse, and library services (not provided by the City of Fremont).
- Oakland:** total positions reduced by the number of positions supporting library services and museum (not provided by the City of Fremont).
- Sunnyvale:** total positions reduced by the number of positions supporting water, wastewater, and solid waste services (not provided by the City of Fremont).
- San Jose:** total positions reduced by the number of positions supporting art, airport, and library services (not provided by the City of Fremont).
- Pleasanton:** total positions reduced by the number of positions supporting library services, water, and sewer (not provided by the City of Fremont).
- Livermore:** total positions reduced by the number of positions supporting library, water, airport, and golf services (not provided by the City of Fremont).
- Walnut Creek:** although no adjustment has been made, it is noteworthy that fire protection services for Walnut Creek are provided by Contra Costa County; therefore there are no staff budgeted by Walnut Creek for this function.

Staffing | Permanent Position Summary

As the table on the previous page indicates, comparison of staffing levels in neighboring communities reveals that the City of Fremont maintains an extremely low ratio of budgeted positions to residents. Fremont's low staffing ratio is driven by resource limitations, and only works because of efficient city operations. Fremont has less per capita revenue to pay for basic public safety and maintenance services than other larger California cities, its neighboring cities, and other cities known for their high quality of life. Through FY 2007/08, Fremont's workforce continues to be the lowest per capita staffing in the area.

Police

Police Department staffing remains unchanged from FY 2007/08. However, this level remains 27.75 fewer FTE positions than budgeted in FY 2002/03 and continues the all-time low per capita staffing of 0.9 sworn officers per 1,000 residents for the sixth consecutive year. This represents 10% less police officer coverage than the one officer per thousand residents available in each of the five years prior to FY 2003/04. This continuing low service level is illustrated by the graph below.



The Police Department adjusted its staffing assignments to focus on the department's core patrol emergency response and Investigations Unit. With so few police officers on the street and in detective assignments, the department stopped responding to most non-emergency service calls, implemented a "verified response" alarm policy, reduced traffic patrol efforts, and eliminated crime prevention programs, including most of its school programs and neighborhood crime prevention efforts.

The Police Department has increased service efficiency in recent years by expanding its use of non-sworn Community Service Officers. The Community Service Officers contribute significantly to community safety through their community engagement efforts, animal services, forensics, crime analysis, and crime prevention education. They also support patrol through their work in traffic

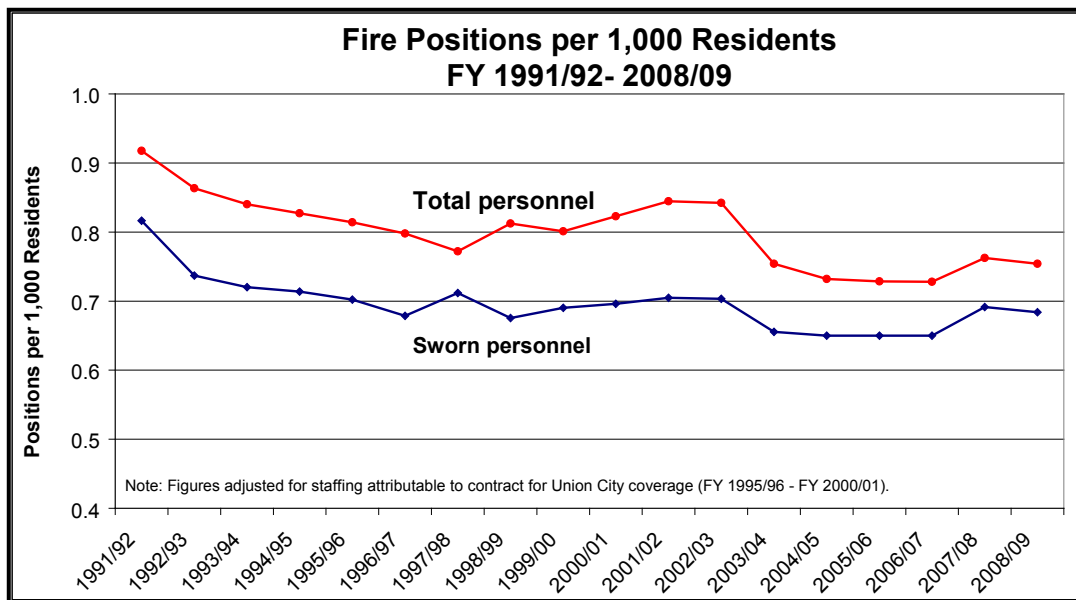
Staffing | Permanent Position Summary

accident management, evidence management, and report administration, which enables sworn police officers to focus on responding to emergencies and criminal law enforcement.

Fire

Fire Department FY 2008/09 staffing will remain unchanged from the FY 2007/08 level. The number of sworn positions has remained constant at 0.7 firefighters per 1,000 residents. As shown in the following graph, this represents a 23% decline from the per capita staffing level of 0.9 positions per 1,000 residents in FY 1991/92.

Fremont's Fire Department has consistently provided excellent services with a comparatively low staffing level over the past 15 years. In FY 2008/09, Fremont continues to budget fewer sworn fire employees per 1,000 residents than any city located in either Alameda or Santa Clara Counties, except for Union City. (Note: The reference to Santa Clara County does not include Sunnyvale. Sunnyvale employs public safety officers that serve a dual function of both firefighters and police officers, therefore, per capita comparisons using only firefighters is not possible.)



Another service efficiency measure is the average number of square miles served by each fire station. Fremont's Fire Department serves 92 square miles with only 11 fire stations, an average of one fire station per eight square miles. By comparison, Oakland averages one fire station for every two square miles, San Jose averages one station for every six square miles, and Hayward averages one station for every seven square miles.

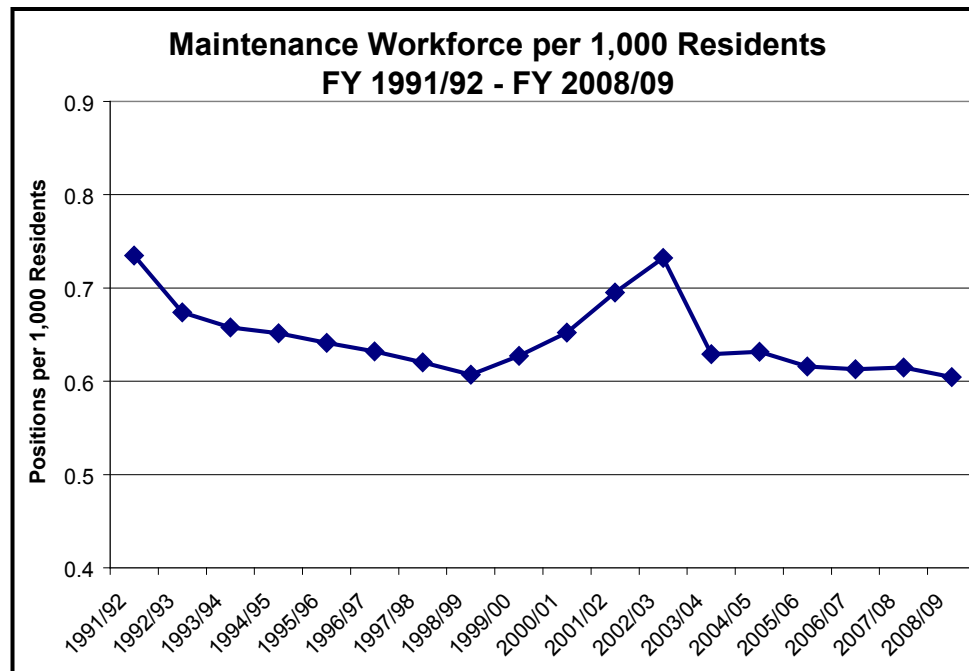
Maintenance

For FY 2008/09, maintenance staff is decreasing by one, to 128.8 FTE positions. This decrease is due to a reorganization of the division in the Transportation and Operations Department. Low staffing continues to hinder City efforts to maintain its parks, urban forestry, and public buildings.

Maintenance staffing relative to population has decreased slightly over time. However, maintenance demands related to public buildings, streets, parks, and street trees have grown tremendously. The following table illustrates this growth.

FY 2008/09 Maintenance Statistics			
Asset	FY 1993/94	FY 2008/09	Percent Change
Public Buildings	581,500 sq. ft.	904,600 sq. ft.	56%
Streets	778 land miles	1,100 lane miles	41%
Trees Along Streets	35,000 trees	46,000 trees	31%
Park Land	810 acres	1,053 acres	30%

As with Police and Fire staffing, the 0.6 maintenance workers per 1,000 residents proposed for FY 2008/09 matches the lowest ratio for these services in the City's history. The continuing effects of the City's elimination of 42,000 budgeted part-time/seasonal labor hours (an additional 21 FTE positions) in FY 2003/04 means maintenance service capacity will continue to be diminished for the foreseeable future.



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Policies and Practices

The City of Fremont budget and financial policies are subject to California State law, generally accepted accounting principles, and the City Council. The standards set by these authorities establish budget calendar dates, provide for budget control, describe the budget amendment process after budget adoption, and identify appropriate methods for budgeting, accounting, and reporting. The City's resources and appropriations policies are extensions of the laws established by the State of California through the City Council and follow generally accepted governmental accounting principles (GAAP) and budgeting practices.

Budget practices and policies are reviewed to ensure that current financial practices are in place. Areas for future policy development and updates may include post-retirement benefits and a periodic review and update of the City's existing reserve policies.

Budget Practices

Budget Process and Calendar

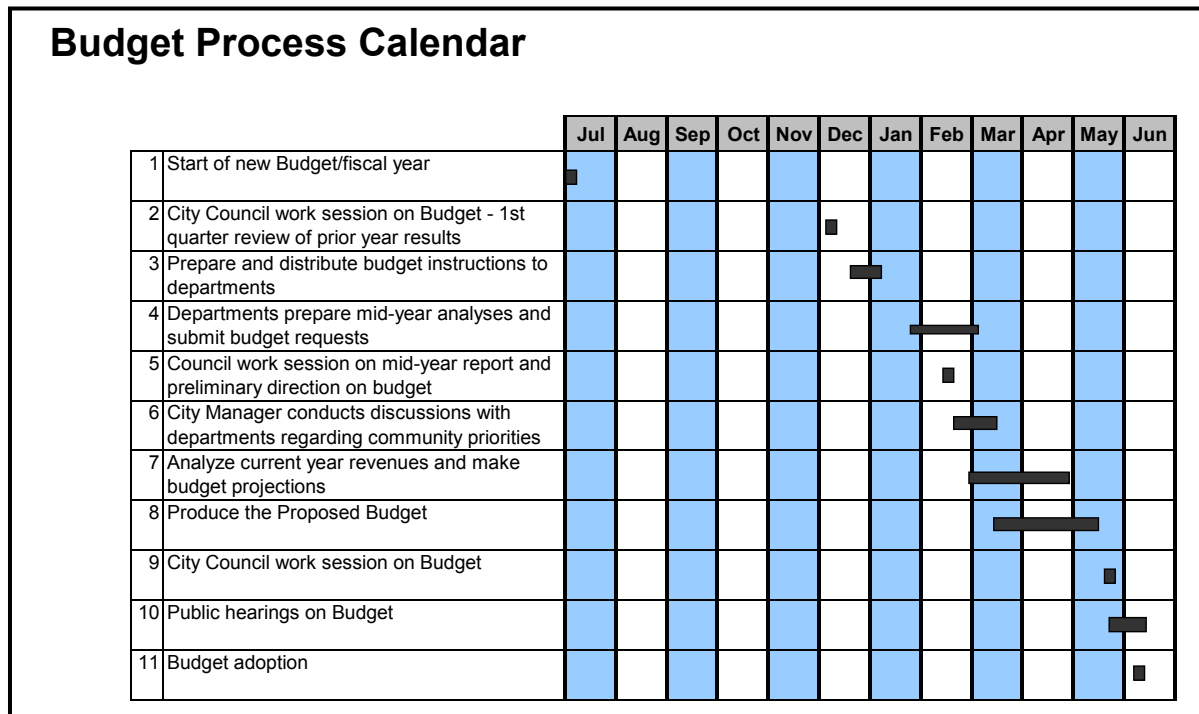
The budget process enables the City Council to make resource allocation decisions, including choices about staffing, technology, equipment, and priorities to be addressed in the coming fiscal year. The City of Fremont's Annual Operating Budget is adopted by the City Council by July 1 each year. Although the City Council first reviews the budget in May, the City Manager's Office, the Finance Department, and other departments begin to prepare it at least six months prior. Throughout the year, staff provides quarterly revenue projections and updates on the City's financial performance, and continues to assess City needs. In producing the budget, the Budget Team receives input from the public, City Council, and staff.

In December, the City Manager provides an update to the City Council on the current year's budget and outlines policy issues facing the City. Together, they establish objectives for the upcoming year. At the mid-year budget review in February, the City Council provides feedback and direction regarding proposed priorities for the future programming of General Fund resources. With this direction and the Finance Department's revenue projections, each department prepares a proposed budget. The Budget Team works closely with department managers to ensure that budgets reflect the City Council's interests, priorities, and goals.

Several weeks before the budget is adopted, the City Manager presents the budget for the coming year to the City Council along with information on current year accomplishments and future year goals. Copies of the proposed budget documents are available to the public at public hearings, and they are also available in the City Clerk's Office and at public libraries. The City Manager presents the budget to the City Council in a televised public forum. Included in the City Manager's presentation are an update of the City's financial position and long-range plan; a review of the national, State, and local economies; a discussion of financial policies; and an update on department activities. After reviewing the proposed budget and receiving public comment at public hearings, the City Council may direct staff to revise the proposed budget. On or before June 30, the City Council votes to adopt the budget,

including any revisions to the proposed budget. At any time after the adoption of the budget, the City Council may amend or supplement the budget.

Upon final adoption by the City Council, the budget becomes the legal authorization for the various departments to expend resources, subject to conditions established by the City Manager and City Council. Through a resolution adopted by the City Council, the City Manager is authorized to transfer appropriations as needed from any account in the budget to any other accounts within the same fund to meet overall budget requirements. This resolution further authorizes the City Manager to transfer funds designated as “Transfers” in appropriate increments and intervals. The City Council has adopted several financial and budgetary policies, which address debt, reserves, and spending authorizations, and which help guide long-term planning. These policies are outlined in further detail throughout this section.



Citizen Participation

Citizens of Fremont participate in the budget planning process in various ways, such as participation on Council-appointed boards and commissions, attending budget study sessions and public hearings, or meeting with City staff. Quarterly study sessions to review the City’s budget and discuss relevant policy issues are held as public meetings.

Public hearings for the budget adoption occur at the end of May and the beginning of June. Citizens have the opportunity to speak about budget issues at these hearings and at any City Council meeting during the year. All Council meetings and budget study sessions are televised on the local cable access channel.

The City Council heard a presentation of the City Manager's proposed FY 2008/09 budget at a televised work session on May 27, 2008. Televised public hearings were held on June 3 and June 10, 2008. The Redevelopment Agency's budget and the City budget were adopted on June 10, 2008.

Other Major Planning Processes

The budget is one of three major Citywide planning tools. The General Plan, which governs land use and development, and the Capital Improvement Program (CIP) are the other two. Each planning process informs the others, and together they enable coordinated planning for operating City services, maintaining the City's investment in public infrastructure, and developing land consistently with community interests.

The City began a three-year process of updating its General Plan in the Spring of 2006. A current General Plan can improve the City's fiscal health and enable more accurate revenue forecasting by clarifying the City's goals for land use development. The Plan thereby provides the framework for City revenue potential and service planning. The process of updating the General Plan will include many opportunities for public participation, including visioning and review of Plan elements as they develop. Each component will be informed by financial implications of alternative decisions, and will thereby influence budget discussions in each year of the process.

The CIP planning process takes place every two years. The product is a funded five-year plan for building and maintaining City infrastructure. While the CIP keeps a five-year planning horizon, it appropriates funds for a two-year period. The current CIP was adopted on June 5, 2007, and appropriated the funds for projects and maintenance activities for FY 2007/08 and FY 2008/09. Therefore, the capital funding information provided in the Operating Budget is for display purposes only; the "budget" for capital funds was adopted with the FY 2007/08 – FY 2011/12 CIP.

Including maintenance in the capital budgeting process is intended to overtly balance the planning for capital improvements with funding needs to maintain existing infrastructure. The amount of General Fund to be transferred to the CIP is determined in the annual Operating Budget process, and may vary annually from the amount projected as revenue in the CIP. However the CIP expenditure appropriation does not change without specific City Council action. The process for adopting the FY 2007/08 – FY 2011/12 CIP began during the summer of 2006. Appropriations will reflect any changes in other City funding capabilities. Conversely, the maintenance levels and capital projects adopted in the FY 2007/08 – FY 2011/12 CIP will inform the FY 2008/09 Operating Budget.

Basis of Budgeting

The City uses a multi-year financial forecast model to ensure that current budget decisions consider future financial implications. The basis for the multi-year forecast projections is current year estimated revenues and expenditures.

Revenues: The City receives revenues from a variety of sources. Property tax, sales tax, and vehicle license fees comprise more than two-thirds of the General Fund, but are controlled by the State Legislature. The City receives the balance of its revenues from local taxes, fees, charges for services, and transfers from other funds for General Fund services. Revenue projections for the coming budget year are comprised of the estimated actual revenue projected for the current year, multiplied by the factor by which the revenue is projected to grow or decline, based on current economic information.

The City has a long-standing practice of dedicating one-time revenues to fund a variety of one-time projects. Increases in the General Fund associated with one-time revenues are not programmed for ongoing operations in the multi-year forecast. This ensures that future revenues and expenditures are reasonably projected.

Fees & Charges: The City charges for some services at rates that, where possible, match the cost of providing the service. Several departments charge for services such as hazardous materials checks, animal vaccinations and sterilization services, and counseling.

Expenditures: The City budgets at the governmental fund level, and funds are grouped for budget presentation. Major fund groups include the General Fund, Cost Center/Internal Service funds, Special Revenue funds, Redevelopment Agency funds, and Capital funds.

While all funds budgeted are included in the operating budget, this document focuses on the General Fund, which contains the majority of the City's discretionary resources for basic services such as police, fire, and maintenance. Departmental base budgets for a given budget year are determined by:

1. starting with the adopted budget for the prior year,
2. reducing the adopted prior year budget for any one-time appropriations the department received,
3. multiplying the adjusted budget by percentage factors for cost increases associated with negotiated bargaining unit agreements and inflation, and
4. implementing any necessary service reductions or enhancements determined by the City Manager.

City funds are budgeted on the modified accrual basis of accounting. This method recognizes revenues when they become measurable and available to finance expenditures of the period. Expenditures are recorded when the related fund liability is incurred with the exception of principal and interest on long-term debt, which are recorded when due.

Basis of Budgetary Accounting

The basis of budgetary accounting that follows describes how the City presents the estimated revenues, budgeted expenditures and expenses, and capital asset purchases in this budget. This description can help the reader understand the differences and similarities in the budget presentation of such financial elements compared to how they are presented in other City publications, such as the City's CIP or its annual Comprehensive Annual Financial Report (CAFR).

Policies & Glossary | Policies and Practices

The City uses a “fixed budget” presentation which establishes a spending cap at the fund level, with departmental budgetary guidelines. Department budgets cannot be exceeded without special authorization (see Budget Practices at page 198). This operating budget is adopted for the 2008/09 fiscal year, in contrast to the CIP, which was adopted on June 5, 2007, and covers two fiscal years. The fiscal years before and after FY 2008/09 shown in the operating budget are for contextual purposes only and are not adopted by the City Council in its budget resolution for FY 2008/09.

The budget is generally prepared on the same basis of accounting used by the City in its CAFR. Definitions for several of the following terms may be found in the Glossary. This terminology comes from the accounting standards used for governments which are established by the Governmental Accounting Standards Board (GASB). These standards constitute generally accepted accounting principles (GAAP) for local governments.

Although legally separate entities from the City, the Redevelopment Agency, the Fremont Public Financing Authority (PFA) and the Fremont Social Services Joint Powers Authority (JPA) are component units of the City under GAAP. These entities are considered component units because of the degree of control exercised by the City (the City Council and City staff serve as the governing boards and staff, respectively, for these entities) and their financial dependence on the City. The JPA’s budget is included in the Human Services Department budget. The payment obligations of the PFA are set by the debt instruments underlying the obligations so they are not included in the budget.

In the Required Supplementary Information section of its CAFR, the City compares actual revenues and expenditures for the accounting period to both the originally adopted budget and the final budget (the adopted budget with any mid-year adjustments) for estimated revenues and expenditure appropriations. These comparisons, made for the General Fund, the Redevelopment Agency Operations Fund, the Low and Moderate Income Housing Fund, the Development Cost Center Fund, and the Recreation Services Fund, show the City’s compliance with the expenditure caps at the legal level of control. A copy of the City’s CAFR for the fiscal year ended June 30, 2007, may be obtained by contacting the City’s Finance Department.

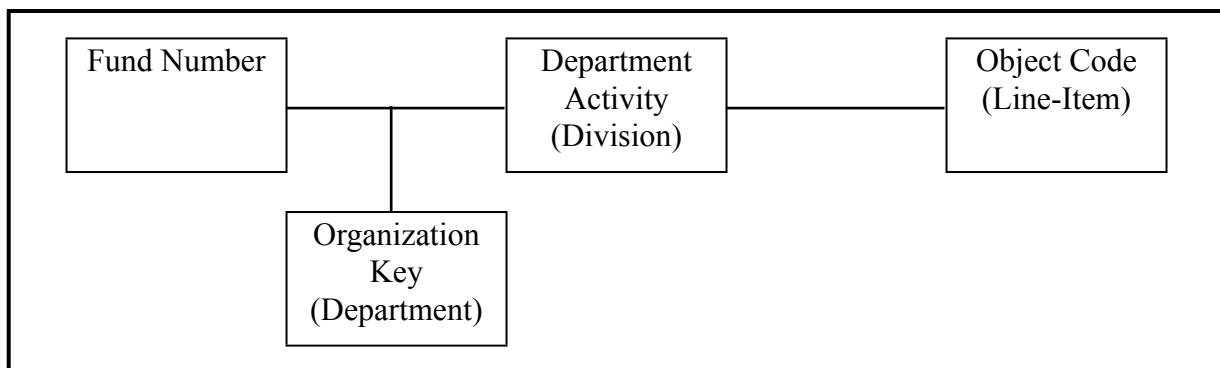
Expenditures are budgeted in the governmental funds on the modified accrual basis of accounting and expenses are budgeted in proprietary funds on the full accrual basis of accounting. The primary difference between the two bases of accounting is that “expenditures” emphasize the reporting of financial resource outflows (cash and cash-like resources) in the period in which they are disbursed, while “expenses” emphasize the matching of the obligation to disburse economic resources (cash and all other assets causing a change in fund net assets) to the period in which the obligation was incurred by the City.

Capital asset acquisitions are shown somewhat differently in the budget than in the CAFR. “Capital Assets” are used in the City’s operations, have an estimated useful life of more than one fiscal year, and cost \$5,000 or more. These long-lived assets include land and buildings and their improvements, vehicles, machinery and equipment, and streets and sidewalks. The City’s planned capital asset purchases are shown in two places in the Budget: (1) in the departmental capital outlay for capital assets to be purchased from annual operating appropriations during the budgeted fiscal year, and (2) in

the Capital Budget Summary (CIP) for capital assets to be acquired over several years or which involve particular financing plans. In the CAFR Fund Financial Statements, all capital asset acquisitions are reported in the governmental funds acquiring them as “Capital Outlay” on their operating statements, and in the proprietary funds the acquiring funds report their acquisition as uses of cash on their statements of cash flow (the assets are also capitalized on their balance sheets).

Budget Account Structure

Budget transactions occur under an established account code structure organized by funding source (fund/fund number). An account code is comprised of ten numbers, which represent the fund, department/division activity code, and object code. A combined fund number and department activity code result in a department account number called an organization key (org. key). Object codes describe the transaction type within the fund and department. The account code structure can be best summarized in the following diagram:



Operating/Capital Expenditure Accountability

The annual budget sets appropriations by fund or with further allocation by department or program. At the fund level, expenditures may not legally exceed appropriations. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund. The City Council may adopt supplemental appropriations during the year.

The annual budget resolution authorizes the City Manager to increase appropriations for operating expenditures for the Development Cost Center and Recreation Cost Center when quarterly fee revenue in those funds exceeds the amount estimated at the time of budget adoption because of increased activity. All other revisions or transfers that alter the total appropriations of other funds must be approved by the City Council.

The City maintains a multi-year forecasting model for operating revenues and expenditures, and also produces a five-year capital plan that includes debt service. The multi-year forecast is regularly updated to reflect current revenue and expenditure assumptions and is presented to the City Council after the first fiscal quarter, at mid-year, and during the budget process for the next fiscal year. The City’s five-year capital plan is updated every two years.

Long-Term Financial Planning

The City Council continues to focus on the long-term benefits of transportation infrastructure improvement, recruitment of consumer retail uses to balance the City's business-to-business sales tax base, and development of a pedestrian-oriented urban center in the City's Central Business District. Significant resources have been invested in the City's estimated share of freeway interchanges. Four interchanges were constructed using local funds to allow the completion of extensive freeway investments funded by the County, the State, and the federal government. This investment and final interchange structure will complete the upgrades to I-880 through Fremont. Construction also began on two grade separation projects that will increase safety, reduce congestion, and facilitate the extension of the Bay Area Rapid Transit District commuter rail system south to the City's Warm Springs district and, eventually, to San Jose.

Previous years allowed the City to accumulate balances in the development impact fee funds intended for infrastructure and improved amenities in the community. The park development impact fee funds also accumulated adequate funding for a significant park improvement program. Upon stabilization of the State budget situation, the City Council will develop plans to balance the maintenance and operational cost impacts of acquiring or developing parkland. These plans will be consistent with standards in the City's park master plan.

Cash Management

Cash temporarily idle during the year is invested in obligations of the U.S. Treasury and agencies of the federal government, commercial paper, corporate bonds, banker's acceptances, qualifying mutual funds, and the State Treasurer's investment pool. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City plans to hold to maturity. Because it is the City's practice to hold investments to maturity, unrealized investment gains and losses are not included in the budget until such time as they actually occur. Pursuant to State law, the City's investment policy is adopted by the City Council annually.

Risk Management

The City of Fremont uses a risk management program to reduce its workers' compensation and general liability claim costs. The City employs a professional risk manager, a safety coordinator, and staff, supplemented by professional claim administration firms, to minimize losses. The City participates in two multi-agency joint powers authorities to provide excess insurance coverage, one for general liability coverage and one for workers' compensation coverage. The joint powers authorities and the City rely on estimates prepared by professional actuaries to set aside funds adequate to meet potential losses. Excess coverage provided by the joint powers authorities covers claims in excess of \$500,000 for both general liability and workers' compensation claims.

Pension and Post-employment Benefits

The City provides pension and medical benefits for its public safety and non-safety employees through two contracts with CalPERS. The contracts include benefit levels negotiated by the City with its employee units and for which it has executed contract amendments. The plans also include some benefit levels approved by the State Legislature without contract amendment and funding mechanisms approved by the CalPERS Board of Administration. The City also provides post-retirement benefits in the form of limited contributions toward health insurance costs for certain retirees based on the provisions of labor agreements in effect at the date of the employees' retirement.

Reserve or Stabilization Accounts

Reserves accumulated during years when revenues exceeded expenditures cushion the City's transition to a lower revenue base and allow the City to adjust spending in response to economic downturns and State revenue takeaways. The General Fund maintains three reserves: the Contingency Reserve, the Program Investment Reserve and the Budget Uncertainty Reserve. The City also maintains reserves for fee-based cost center operations and certain other special revenue funds, including the following:

- Development Cost Center Contingency Reserve
- Development Cost Center Technology and System Improvement Reserve
- Integrated Waste Management Disposal Differential Reserve
- Integrated Waste Management Post-Disaster Debris Removal Reserve
- Urban Runoff Clean Water Program Contingency Reserve
- Recreation Cost Center Contingency Reserve
- Recreation Cost Center Operating Improvement Reserve

General Fund Contingency Reserve

Contingency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency Reserve also serves as back-up liquidity to the Risk Management Fund if this need were to arise. The Contingency Reserve is funded at a level at least equal to 12.5% of annual operating expenditures and transfers out. All uses of the Contingency Reserve must be approved by the City Council. Any such uses are to be repaid to the Contingency Reserve over a period of no more than three years. (Adopted by the City Council on June 4, 1996)

General Fund Program Investment Reserve

The Program Investment Reserve provides a source of working capital for the following:

- a. New programs or undertakings that have the potential for receiving significant funding from outside sources.

- b. Organization retooling, process improvement, and strategic entrepreneurial opportunities.

The Program Investment Reserve is funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the Program Investment Reserve must be approved by the City Council. Any such uses are to be repaid to the Program Investment Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. (Adopted by the City Council on June 4, 1996)

General Fund Budget Uncertainty Reserve

The General Fund Budget Uncertainty Reserve is targeted to offset quantifiable revenue uncertainty in the multi-year forecast. The long-term funding level for this reserve is determined by measuring the level of financial risk associated with the following three areas of uncertainty:

1. Revenue risks: Revenues falling short of budget projections (which include a 0.5% enhancement factor) may cause shortfalls. Transitional funding is also necessary to respond to reductions in major revenues due to local, regional, and national economic downturns (estimated to take one to three years).
2. State budget risks: There is a strong possibility, beginning in FY 2008/09, that the State may implement budget solutions that legislatively reallocate intergovernmental revenues from local jurisdictions to the State (in the absence of guarantees or constitutional protection of these revenues). These include property taxes, sales taxes, vehicle license fees, gas taxes, grants and reimbursements.
3. Uncontrollable costs: The City requires a source of supplemental funding for further increases in CalPERS retirement rates that result from CalPERS investment performance that falls short of actuarial assumptions. In addition, there may be other cost increases that are beyond the City's control (e.g., various fuel and utility charges).

All uses of this reserve must be approved by the City Council. If the risk factors described above are eliminated as a result of new revenue sources, legislation, or major changes in economic conditions, the basis for the reserve will be reviewed and the funding level may be adjusted accordingly. In the event the reserve has accumulated funding beyond the established level reasonably required to offset the risks above, excess funds will be designated for capital projects, budgeted for service enhancement, or returned to the General Fund available fund balance. (Adopted by the City Council on June 4, 2002, and modified on June 10, 2003)

Development Cost Center Contingency Reserve

The Development Cost Center maintains a contingency reserve for operations to help mitigate the effects of economic downturns and errors in financial forecasting. The contingency reserve is funded at a level at least equal to 15% of the annual operating expenditures for engineering, planning, and

building and safety. All uses of the contingency reserve must be approved by the City Manager. Any such uses are to be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 3, 1997)

Development Cost Center Technology and System Improvement Reserve

The City Council may appropriate an annual contribution from the Development Cost Center to a Development Cost Center technology and system improvement reserve to provide a source of capital for the following:

- Ongoing hardware and software acquisition
- Technology investment
- System improvement

The technology and system improvement reserve was funded initially at a level of \$1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager recommends annually an amount to be contributed to such a reserve. All uses of the reserve must be approved by the City Manager. (Adopted by the City Council on June 3, 1997)

Development Cost Center Unallocated Fund Balance

When annual fee revenues exceed expenditures and amounts needed to maintain the Development Cost Center reserves at planned levels, the Community Development Department will evaluate the development fee structure during the subsequent fiscal year. The evaluation will take into account equity to fee payers, changes in fee structures to encourage compliance with safety codes, economic forecasts for development and maintenance of responsive, high-quality customer services. The purpose of this evaluation will be to develop recommendations regarding possible reductions in fee levels that would be funded through use of the unallocated fund balance for the budget year that begins twelve months after the end of the fiscal year that results in an unallocated fund balance. (Adopted by the City Council on June 3, 1997)

Integrated Waste Management Disposal Differential Reserve

The Integrated Waste Management Disposal Differential Reserve represents the difference between disposal fees collected through the solid waste rates in 2004 and 2005 and actual disposal expenses paid. This reserve arose because the delay in transitioning solid waste disposal from the landfill to the higher cost transfer station resulted in fees being collected but not used. This reserve will be used to partially offset transfer station disposal fees (thereby reducing ratepayer costs) during the 2006 through 2009 rate period and possibly beyond if actual disposal volumes are lower than staff projections. The use of the disposal differential reserve for specific rate years will be determined by the City Council with the setting of biennial solid waste collection rates. (Adopted by the City Council on July 11, 2006)

Integrated Waste Management Post-Disaster Debris Removal Reserve

(formerly the Integrated Waste Management Contingency Reserve)

City Council policy is to maintain an Integrated Waste Management post-disaster debris removal reserve of \$2.5 million to support post-disaster debris management. In the event of a natural disaster, this will provide a source of funds for disaster response and clean up efforts with the objective of recycling, reusing or otherwise diverting disaster debris from the landfill to the greatest extent possible. The reserve will fund immediate response and recovery activities, support local diversion policy goals, conserve valuable natural resources, preserve landfill space, and possibly decrease recovery time. The reserve amount will be evaluated with the setting of biennial solid waste collection rates during even years. (Adopted by the City Council on July 11, 2006)

Integrated Waste Management Unallocated Fund Balance

The Integrated Waste Management unallocated fund balance will be maintained to fund unexpected costs associated with providing solid waste services that occur between rate setting periods, and to provide a potential source of funding for future purchase of the transfer station/material recovery facility, should that occur. Unexpected costs associated with providing solid waste services can result from such causes as (including but not limited to) changes in law, extraordinary circumstances (as defined in the various solid waste contracts), transition of solid waste disposal from the Tri-Cities Recycling and Disposal Facility (landfill) to the Fremont Transfer Station, and implementation of new or expanded solid waste programs or environmental initiatives (e.g., sustainability element of the General Plan). The unallocated fund balance will be maintained at a level equal to at least 8% of the annual revenue of the solid waste collection contract. This unallocated fund balance will serve as a mechanism for managing and stabilizing rates over time by eliminating the need to fund unexpected costs with immediate solid waste rate changes. It may also provide a source of funding for future purchase of the transfer station/material recovery facility, should that occur. The fund balance will be evaluated with the setting of biennial solid waste collection rates during even years to determine whether adjustments in fee levels may be warranted. (Adopted by the City Council on July 11, 2006)

Urban Runoff Clean Water Program Unallocated Fund Balance

Unallocated Urban Runoff Clean Water Program funds will be used to support a multi-year focused watershed management program to enhance the Regional Water Quality Control Board's storm water quality standards. Program components may include erosion control, community education, and storm water management techniques to improve the quality of water through the watershed. The unallocated fund balance will be evaluated on a biennial basis as to the levels necessary to support project objectives. (Adopted by the City Council on June 1, 1999)

Urban Runoff Clean Water Program Contingency Reserve

City Council policy is to maintain a \$300,000 contingency reserve to respond to unfunded events such as changes in law, new initiatives, fluctuating program costs, and changing program requirements. The

contingency fund balance will be evaluated on a biennial basis to determine if the level is appropriate. (Adopted by the City Council on June 1, 1999)

Recreation Cost Center Contingency Reserve

City Council policy is to maintain a Recreation Cost Center contingency reserve for operations to help mitigate the effects of economic downturns and natural disasters, to maintain full-time staffing levels during temporary loss of program facilities, and to deliver prepaid recreation services. The contingency reserve will be funded at a level at least equal to 25% of the Recreation Division's annual operating expenditures. All uses of the contingency reserve will be approved by the City Manager. Any such uses will be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 3, 1997)

Recreation Cost Center Operating Improvement Reserve

City Council may appropriate an annual contribution from the Recreation Cost Center to the Recreation Cost Center operating improvement reserve to provide a source of capital for:

- Ongoing hardware and software acquisition
- Capital and/or technology investment
- Process improvement and organizational retooling
- Entrepreneurial program opportunities that have the potential to generate revenues to cover expenditures within a three-year period.

The operating improvement reserve was funded initially at a level of \$1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager will recommend annually an amount to be contributed to such a reserve. All uses of the reserve will be approved by the City Manager. (Adopted by the City Council on June 3, 1997)

Cost Center Spending Authorizations

Recreation Cost Center Spending Authorization

When revenue estimates for the Recreation Cost Center exceed the amount identified in the budget due to increases in recreation fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to City Council as part of the results of the annual financial audit. (Adopted by the City Council on June 3, 1997)

Development Cost Center Spending Authorization

When revenue estimates for the Development Cost Center exceed the amount identified in the budget due to increases in development and fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to City Council as part of the results of the annual financial audit. (Included in the annual resolution in prior years and adopted by the City Council on June 3, 1997)

Development Services Cost Recovery

The multiplier rate was established in the 1992/93 fiscal year to recover all department costs associated with an employee's direct chargeable hours on a project. The multiplier concept replaced the flat rate charging system that applied an average departmental charge for all employees. The two principal components of the multiplier rate are the direct chargeable hours and the departmental budget. Direct chargeable hours are specifically attributed to a particular project and exclude hours that are not associated with a project. Chargeable hours are determined based on an estimated percentage of employee-dedicated hours to a chargeable area. The multiplier used to calculate billing rates for planning and engineering services provided by the Development Services Cost Center is 2.7.

Debt Capacity, Issuance & Management

Short-Term Operating Debt

Current revenues will cover the expenses associated with the day-to-day operations of the City. However, because the City receives the majority of its property tax revenues twice during the year, and sales tax revenues may fluctuate during the year, the City may experience temporary cash shortfalls. In order to finance these possible cash shortfalls, the City may incur short-term operating debt [typically, Tax and Revenue Anticipation Notes (TRANs)]. The amount of short-term operating debt will be based on cash flow projections for the fiscal year and will comply with applicable federal and State regulations. Operating revenues will be pledged to repay the debt, which will generally be repaid in one year or less. The costs of such borrowings will be minimized to the greatest extent possible. (Adopted by the City Council on February 26, 1996, and reaffirmed on July 7, 1998)

Long-Term Capital Debt

The long-term capital debt policy sets the parameters for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. In addition to this policy, there is a separate policy for land-based financings (typically, Mello-Roos community facility districts and local improvement districts) and debt issued by the Redevelopment Agency. The following provisions guide the City's consideration of issuing long-term debt:

1. The City uses debt financing only for one-time capital improvement projects and unusual equipment purchases, and only under the following circumstances:
 - a. When the project is included in the City's five-year capital improvement program and is in conformance with the City's General Plan.
 - b. When the project is not included in the City's five-year capital improvement program, but it is an emerging critical need whose timing was not anticipated in the five-year capital improvement program, or it is a project mandated immediately by State or federal requirements.
 - c. When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.
 - d. When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost-sharing revenues.
 - e. Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.
2. The project priority process used in developing the City's five-year capital improvement program, including criteria used in evaluating projects and project viability, is reviewed by the City Council as part of the biennial update of the five-year capital improvement program.
3. The following criteria is used to evaluate pay-as-you-go versus long-term debt financing in funding capital improvements:
 - a. Factors which favor pay-as-you-go:
 - i. Current revenues and adequate fund balances are available.
 - ii. Project phasing is feasible.
 - iii. Debt levels would adversely affect the City's credit rating.
 - iv. Market conditions are unstable or present difficulties in marketing.
 - b. Factors which favor long-term financing:
 - i. Revenues available for debt service are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating.
 - ii. The project for which financing is being considered is of the type that will allow the City to maintain an appropriate credit rating.
 - iii. Market conditions present favorable interest rates and demand for municipal financings.
 - iv. A project is mandated by State or federal requirements and current revenues and fund balances are insufficient to pay project costs.
 - v. A project is immediately required to meet or relieve capacity needs.
 - vi. The life of the project or asset financed is five years or longer.

4. The following is considered in evaluating appropriate debt levels:
 - a. General Fund supported debt service will not exceed 7% of total General Fund budgeted expenditures and transfers out.
 - b. The General Fund may be used to provide back-up liquidity to improve the viability of a self-supported debt issue (i.e., not land-based or redevelopment agency financings), but only if the General Fund is not exposed to significant risk of loss of assets or impairment of liquidity. This evaluation of risk will consider such things as the following:
 - i. Volatility and collectability of the revenue source identified for repayment of the debt.
 - ii. The likelihood the General Fund would be reimbursed within one year for any payments it might potentially need to make in its role as back-up guarantor. If the City Council determines the risk of loss of assets or impairment of liquidity to the General Fund to be relatively minimal, self-supported debt service for debt that relies on the General Fund as a back-up guarantor will not exceed 7% of General Fund budgeted expenditures and transfers out. This limitation is separate from and in addition to the debt limitation for general fund supported debt service described in Section 4.a., above.
5. The costs of developing and maintaining a land-based long-term debt policy will be borne by the development community, which uses this type of financing.
6. The costs of developing and maintaining a redevelopment agency long-term debt policy will be borne by the redevelopment agency and will be developed in conjunction with amendments to existing redevelopment project area plans and/or new proposals to issue debt by the redevelopment agency.
7. The City will follow all State and federal regulations and requirements regarding bond provisions, issuance, taxation and disclosure.
8. The adoption of resolutions of intent will be considered whenever bond issuance is contemplated to increase the flexibility related to funding costs related to the project (e.g., project development costs, architectural costs, studies, etc.).
9. Costs incurred by the City, such as bond counsel and financial advisor fees, printing, underwriters' discount, and project design and construction costs, will be charged to the bond issue to the extent allowable by law.
10. The City will seek credit enhancements, such as letters of credit or insurance, when necessary for cost-effectiveness.
11. The City will monitor compliance with bond covenants and adhere to federal arbitrage and disclosure regulations. Any instances of non-compliance will be reported to the City Council.
12. The City will seek to maintain its current bond rating and will ordinarily not consider long-term debt that, through its issuance, would cause the City's bond rating to be lowered.

13. The City will maintain good communications with bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus (Official Statement).
14. The City will generally conduct financings on a competitive basis; however, negotiated financings may be used where market volatility or the use of an unusual or complex financing or security structure is a concern with regard to marketability.
15. The City will select a financial advisor and/or investment banker and bond counsel on a competitive basis; these advisors will be retained for at least four years to provide continuity and allow them to develop an understanding of the City's needs. Other outside service providers may be selected by developers or owners, subject to the City's approval. Trustees and/or paying agents will be selected by competitive bid.
16. Interfund borrowing will be considered to finance high priority needs on a case-by-case basis, only when planned expenditures in the fund making the loan would not be affected. Interfund borrowing may be used when it would reduce costs of interest, debt issuance, and/or administration.
17. The term of the long-term debt instrument will not exceed the legal life of the asset or thirty years, whichever is less.
18. Bond proceeds will be invested in accordance with the provisions of the bond indenture. Funds set aside for debt service will only be used for that purpose.
19. In choosing the appropriate long-term debt instrument, cost, economic equity, political acceptability, and flexibility will be considered. Refunds will be considered to reduce interest costs or principal outstanding, or to eliminate restrictive debt covenants. Pooled financings with other government agencies will be considered, as appropriate.

Financing Instruments

There are many different types of long-term debt instruments available. Depending on the specific circumstances, the City will consider using the following types of financing instruments:

1. General Obligation Bonds - Bonds backed by the full faith and credit of the City. The taxing power may be an unlimited ad valorem tax, subject to State law, or a limited tax, usually on real estate and personal property. A special rate is incorporated in the property tax bill annually to pay for debt service. A two-thirds voter approval is required for authorization. Because it is secured by a tax levy, this structure has strong marketability and lower interest costs.
2. Revenue Bonds - Bonds are secured by revenues generated by the facility that is financed or by dedicated user fees. Voter approval may or may not be required. Planning is more complex because costs and revenues affect each other. Credit enhancement (e.g., insurance or letter of credit) may be needed because of the limited source of debt service payment.

3. **Certificates of Participation** - The City enters into a lease agreement with another party (a lessor, such as a joint powers authority) to lease an asset over a defined period of time at a prearranged annual payment. Voter approval is generally not required. Lease payments are made primarily from general fund revenues. Current law requires the lessee to make lease payments only if the facility has beneficial use. The legislative body has to appropriate annual debt service payments. For the security of the bondholders, a reserve fund is normally established and held by a trustee until all bonds are paid. Interest during project construction must be capitalized. An “asset transfer” structure, whereby an existing facility is used as security to finance construction or acquisition of another project, may be used for flexibility.
4. **Tax Allocation Bonds** - Bonds are secured by property tax increment (property taxes generated on assessed value in excess of the frozen property tax base) in a redevelopment project area. These bonds are issued to promote economic development. Voter approval is not required.
5. **Assessment Bonds** - Bonds are issued to develop facilities and basic infrastructure for the benefit of properties within the assessment district. Assessments are levied on properties benefited by the project. Voter approval is not required. Instead, a majority vote of the property owners with a majority of assessments is needed to authorize the issue. The issuer’s recourse for non-payment is foreclosure. This type of bond is normally not rated. The bonds may be issued under the provisions of the 1911, 1915 or Mello-Roos Bond Act, whichever is most appropriate.
6. **Master Lease Agreements** - The City enters into a lease agreement with a provider to lease equipment or facilities whose useful life is too short to finance with long-term debt. Various pieces and types of real and personal property from different vendors over a period of time can be acquired under one master lease agreement. Interest can be fixed or tied to an index. Financing costs are normally minimal, but the interest cost may be higher than with other instruments.
7. **Vendor-Financed Leases** - A vendor of equipment acts as the lessor and investor, and holds the lease for its full term or may assign the lease. The motivating factor to the vendor is usually to encourage future sales of its product.
8. **Marks-Roos Bonds** - Bonds are issued by a joint powers authority to buy other bond issues. By pooling bond issues, marketability can be improved and administration costs are reduced.
9. **Bond Anticipation Notes** - Notes are issued to provide temporary financing, to be repaid by long-term financing. The bridge financing has a maximum maturity of three years.

(Adopted by the City Council on May 7, 1996, revised and readopted by Council on July 8, 1998)

Glossary of Budget Terms

Agency Fund

Agency Funds are used to account for assets held by the City on behalf of others as their agent. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve measurement of results of operations.

Annual Operating Contingency

An account, used at the discretion of the City Manager, to fund emergency or extraordinary items.

Appropriation

An authorization by the City Council to make expenditures and to incur obligations for a specific purpose within a specific time frame.

Assessed Valuation

A dollar value placed on real estate or other property by Alameda County as a basis for levying property taxes.

Audit

Scrutiny of the City's accounts by an independent auditing firm to determine whether the City's financial statements are fairly presented in accordance with generally accepted accounting principles.

Balanced Budget

The budget for a fund is balanced when total budgeted resources, including revenues, transfers in from other funds, and unallocated fund balance from previous years meet or exceed total budgeted use of resources, including expenditures and transfers out to other funds.

Base Budget

Under traditional budgeting, the base budget is that amount carried over from one year to the next. Each year, approved amounts may be added to the base budget.

Beginning Balance

Unencumbered resources available in a fund from the prior fiscal year after payment of prior fiscal year expenditures.

Bond

Capital raised by issuing a written promise to pay a specified sum of money, called the face value or principal amount, with interest at predetermined intervals.

Budget

A fiscal plan of financial operation listing an estimate of proposed applications or expenditures and the proposed means of financing them. The budget must be approved by the City Council prior to the beginning of the fiscal year.

California Public Employees' Retirement System (CalPERS)

The retirement system, administered by the State of California, to which all permanent City employees belong.

Capital Asset/Capital Outlay

Land, infrastructure, and equipment used in operations that have initial useful lives greater than one year. The City has set the capitalization threshold for reporting infrastructure capital assets at \$25,000, and for all other capital assets at \$5,000. Expenditures made for Capital Assets are commonly referred to as "Capital Outlay," and are shown in either the CIP (see below) or the department budgets depending on whether the capital asset to be acquired is part of the City's long-term capital management program or needed for daily departmental operations.

Capital Improvement Program (CIP)

The five-year financial plan for improving assets and integrating debt service and capital assets maintenance, adopted in a separate budget document and updated every two years.

Certificates of Participation (COPs)

A lending agreement secured by a lease on the acquired asset or other assets of the City.

Consumer Price Index (CPI)

An indicator of inflation, used in some salary-increase or other calculations.

Cost Center

Cost centers are funds established to account for the transactions and activities related to specific City services, and the fees collected in the cost center are used for the benefit of the fee payers. The Development Cost Center, for example, is a fund that accounts for services related to planning, engineering, and inspection of public and private development construction projects.

Debt Service

Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or certificates of participation (COPs).

Deficit

An excess of expenditures over revenues (resources).

Department

An organizational unit comprised of divisions or functions. It is the basic unit of service responsibility encompassing a broad mandate of related activities.

Designated Fund Balance

The portion of fund balance segregated to reflect the City Council's intended use of resources.

Encumbrances

A legal obligation to pay funds for expenditures yet to occur, such as when a purchase order has been issued but the related goods or services have not yet been received. They cease to be encumbrances when the obligations are paid or terminated.

Enterprise Fund

A type of fund established for the total costs of those governmental facilities and services which are operated in a manner similar to private enterprise. These programs are entirely or predominantly self-supporting. The City has a number of enterprises such as the Development Cost Center, the Recreation Services Cost Center, and the Senior Center Cost Center. Also referred to as Proprietary Funds.

Expenditure

The actual spending of governmental funds.

Fiscal Year

A twelve-month period of time to which a budget applies. In Fremont, the fiscal year is July 1 through June 30.

Fund

An independent fiscal and accounting entity with a self-balancing set of accounts, used to record all financial transactions related to the specific purpose for which the fund was created.

Fund Balance

The difference between fund assets and fund liabilities.

Gann Limit

State of California legislation that limits a City's appropriations growth rate to changes in population and either the change in California per capita income or the change in the local assessment roll due to non-residential new construction.

General Fund

The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. This fund is used to accumulate the cost of the City's general operations.

GASB

Governmental Accounting Standards Board. This is the organization that establishes generally accepted accounting principles (GAAP) for state and local governments.

General Obligation Bond

Bonds backed by the full faith and credit of the City, used for various purposes and repaid by the regular revenue raising powers (generally property taxes) of the City. General obligation bonds require a two-thirds vote of registered voters casting ballots.

Grant

Contributions or gifts of cash or other assets from another governmental entity or foundation to be used or expended for a specific purpose, activity, or facility. An example is the Community Development Block Grant provided by the federal government.

Hotel/Motel Occupancy Tax

A tax imposed on travelers who stay in temporary lodging facilities within the City. Also referred to as a Transient Occupancy Tax.

Infrastructure

Facilities on which the continuance and growth of the community depend on, such as roads, sidewalks, parks, public buildings, etc.

Interfund Transfers

Moneys transferred from one fund to another, such as from a fund receiving revenue to the fund through which the resources are to be expended.

Internal Services Fund

An Internal Service Fund provides services to other City departments and bills the various other funds for services rendered, just as would private business. Internal Services Funds are self-supporting and only the expense by an Internal Services Fund is counted in budget totals. Examples of Internal Services Funds are ITS, and Risk Management. These funds account for the Risk Management and Information Technology services provided to other City departments on a cost reimbursement basis.

Local Improvement District (LID) Bonds

Bonds paid for by special assessments on benefiting property owners for specific capital improvements.

Materials, Supplies and Services

Expenditures for items that are ordinarily consumed within a fiscal year.

Memoranda of Understanding (MOUs)

The documented agreements resulting from labor negotiations between the City of Fremont and its various bargaining units.

Multi-year Forecast

The Finance Department's five-year forecast of revenues and expenditures. The Finance Department updates the forecast three times a year.

Non-departmental

Appropriations of the General Fund not directly associated with a specific department. Expenditure items and certain types of anticipated general savings are included.

Object Code

The line item describing a revenue or expenditure.

Objectives

The expected results or achievements of a budget activity.

Operating Budget

Annual appropriation of funds for ongoing program costs, including salaries and benefits, services and supplies. This is the primary means by which most of the financing, acquisition, spending and service delivery activities of the City are controlled. Reserves and contingencies are also components of Fremont's annual budget.

Ordinance

A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries.

Other Post Employment Benefits (OPEB)

Post-employment benefits are those benefits other than pension benefits, including post-employment healthcare (retiree medical) and other non-pension benefits.

Overhead

Charges to various funds to cover the cost of administrative services, rent, custodial services, etc.

Proprietary Funds

City of Fremont activities that operate as public enterprises. Revenues derive from fees charged to users, and the programs are largely cost-covering. Also referred to as Enterprise Funds.

Redevelopment Agency Fund

The RDA fund accounts for activities of the Redevelopment Agency (RDA). The RDA is a separate legal entity charged with the responsibility for elimination of blight through the process of redevelopment. The fund receives incremental property taxes and disburses those proceeds for payment of the principal and interest on the redevelopment tax increment bonds issued to finance improvements in the Irvington, Centerville, Niles and Industrial project areas. In addition, California Government Code section 33487, pertaining to redevelopment agencies, requires the Agency to set aside 20% of its tax allocations for improving the community's low and moderate income housing stock. These restricted allocations are accounted for in this fund.

Reserved Fund Balance

Accounts used to record a portion of the fund balance as legally segregated for a specific use or not available for appropriation.

Resolution

A special order of the City Council, with a lower legal standing than an ordinance.

Salaries and Benefits

A budget category that generally accounts for salaries of full-time and temporary employees, overtime, and employee benefits, such as medical, dental, and retirement, with the exception of other post employment benefits, such as retiree medical premium reimbursement.

Special Revenue Fund

This fund type is used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government.

Transfers In and Transfers Out

Movement of revenue out of one fund and into another. The recipient fund uses the money to cover the cost of services provided (such as when the General Fund transfers money to the Recreation Cost Center) or to cover the cost of a contract between two funds (such as when the General Fund transfers money to the Development Cost Center).

Undesignated Fund Balance

Accounts used to record a portion of the fund balance not legally segregated for a specific use and, therefore, available for appropriation.

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Resolutions | City of Fremont Budget

RESOLUTION NO. 2008-28

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2008 THROUGH JUNE 30, 2009

WHEREAS, the City Manager has prepared a municipal budget for the fiscal year ending June 30, 2009, entitled “City of Fremont, FY 2008/09 Proposed Operating Budget” (“Proposed Budget”), a copy of which is on file in the office of the City Clerk; and

WHEREAS, the City Council has examined said budget, has conferred with the City Manager and appropriate staff in public study sessions, and has deliberated and considered the budget during public hearings.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Fremont as follows:

SECTION 1: The City Manager is hereby directed to prepare the final budget, in substantial conformance with the Proposed Budget, and as directed by the City Council, for the fiscal year July 1, 2008 through June 30, 2009. The final budget shall be “City of Fremont, 2008/09 Adopted Operating Budget.” The final budget may be referred to as “the Budget,” and a copy of the Budget shall be filed in the office of the City Clerk. The Budget is hereby adopted and approved.

SECTION 2: The City Manager is hereby authorized to implement the budget as set forth in this resolution. The City Manager may delegate the authority to implement this resolution to the Finance Director, or other designated City employees.

SECTION 3: The City Manager is authorized to transfer appropriations as needed from savings available in any account in the budget to any other accounts within the same fund to meet overall budget requirements.

SECTION 4: The City Manager is authorized to transfer among various funds amounts designated as “Transfers” in the budget, said transfers to be made in increments and at intervals determined by the City Manager.

SECTION 5: The City Manager is authorized to increase appropriations for fiscal year 2008/09 expenditures in an amount not to exceed the amount of funds encumbered, but not yet expended, from fiscal year 2007/08. The actual amount of the increased appropriation due to encumbrances will be reported to the City Council, as part of the results of the annual financial audit for fiscal year 2007/08.

SECTION 6: When revenue estimates for the Development Services cost center exceed the amount identified in the Budget due to increases in development and fee activity as

verified by the Finance Director, the City Manager is authorized to increase appropriations for fiscal year 2008/09 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for fiscal year 2008/09. The multiplier used to calculate billing rates for planning services and engineering services provided by the Development Services cost center will remain 2.7.

SECTION 7: When revenue estimates for the Recreation cost center exceed the amount identified in the Budget due to increases in recreation fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for fiscal year 2008/09 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for fiscal year 2008/09.

SECTION 8: When revenue estimates for the Human Services Department exceed the amount identified in the Budget due to increases in grant revenues as verified by the Finance Director, the City Manager is authorized to increase appropriations for fiscal year 2008/09 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for fiscal year 2008/09.

SECTION 9: When higher than anticipated revenue activity in the General Fund results in increased costs to directly support that activity (e.g., automated traffic enforcement), the City Manager is authorized to increase appropriations for fiscal year 2008/09 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for fiscal year 2008/09.

SECTION 10: The City Manager is instructed to use restricted funding sources in accordance with the requirements of the funding sources prior to using funds with unrestricted resources in order to allow the City the greatest flexibility in meeting its financial obligations.

SECTION 11: Each Councilmember is authorized \$5,600, and the Mayor is authorized \$10,000, for Council travel and expense reimbursement, to be utilized in accordance with the Council Travel Budget and Expense Reimbursement Policy.

SECTION 12: The City Manager is instructed to implement all policies contained in the "Policies" section of the Budget.

SECTION 13: This resolution shall take effect immediately upon its adoption.

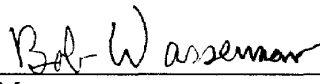
ADOPTED June 10, 2008, by the City Council of the City of Fremont by the following vote, to wit:

AYES: Mayor Wasserman, Vice Mayor Harrison, Councilmembers
Cho, Wieckowski, and Natarajan

NOES: None

ABSENT: None

ABSTAIN: None



Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



Assistant City Attorney

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Resolutions | Appropriations Limit

RESOLUTION NO. 2008-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2008/09 FOR THE CITY OF FREMONT

WHEREAS, Article XIII B of the California Constitution (enacted with the passage of Proposition 4 in 1979; with modifications under Proposition 111, passed by the voters of California in June 1990; and implemented by California Government Code Sections 7900, and following) specifies appropriations of governmental entities may increase by an amount not to exceed the change in population and the change in either the California per capita income or the change in non-residential assessed valuation due to new construction within the City; and

WHEREAS, documentation used in the determination of the fiscal year 2008/09 appropriations limit has been available to the public prior to City Council's determination in this matter, as required by Government Code Section 7910.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Fremont, pursuant to the appropriations limit formula set forth by Government Code Sections 7900-7913, does hereby establish the appropriations limit for fiscal year 2008/09 for the City of Fremont as \$468,141,923, as documented in Exhibit A, attached hereto and incorporated herein by reference as though fully set forth.

BE IT FURTHER RESOLVED, the City Council of the City of Fremont adopts as the adjustment factors for use in determining the fiscal year 2008/09 appropriations limit the following:

Population Factor: The percentage change in the City's population from January 1 of the preceding calendar year to January 1 of the current calendar year as provided in the State of California Department of Finance "Price and Population Information" publication, dated May 2008.

Inflation Factor: Use the change in new, non-residential construction for fiscal year 2007/08, the last complete year for which information is available.

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Resolutions | Appropriations Limit

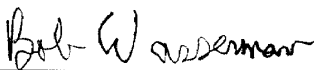
ADOPTED June 10, 2008, by the City Council of the City of Fremont by the following vote, to wit:

AYES: Mayor Wasserman, Vice Mayor Harrison, Councilmembers
Cho, Wieckowski, and Natarajan

NOES: None

ABSENT: None


ABSTAIN: None



Mayor

ATTEST:

APPROVED AS TO FORM:



City Clerk



Assistant City Attorney

Resolutions | Redevelopment Agency Budget

RDA RESOLUTION NO. 388

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2008 THROUGH JUNE 30, 2009, APPROVING APPROPRIATIONS FOR CAPITAL PROJECTS, REFLECTING FINDINGS MADE REGARDING PUBLIC IMPROVEMENTS, MAKING FINDINGS REGARDING PLANNING AND ADMINISTRATIVE EXPENDITURES FUNDED WITH AFFORDABLE HOUSING MONIES; AND APPROVING THE AGENCY WORK PROGRAM

WHEREAS, the Executive Director has prepared an Agency budget for the fiscal year ending June 30, 2009, entitled “Redevelopment Agency Proposed Operating Budget and Work Program FY 2008/09,” attached hereto as Attachment 1; and

WHEREAS, the Agency Board has conferred with the Executive Director and appropriate staff in public meetings, and has deliberated and considered the proposed budget during public hearings; and

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*; the “Redevelopment Law”), the City Council has adopted and the Redevelopment Agency of the City of Fremont (the “Agency”) is responsible for implementing: (1) the Amended and Restated Redevelopment Plan for the Niles Redevelopment Project (the “Niles Plan”), as recently amended and restated pursuant to Ordinance No. 2295 dated July 7, 1998, pertaining to the Niles redevelopment project area as described therein (the “Niles Project Area”); (2) the Amended and Restated Redevelopment Plan for the Irvington Redevelopment Project (the “Irvington Plan”), as recently amended and restated pursuant to Ordinance No. 2294 dated July 7, 1998, pertaining to the Irvington redevelopment project area as described therein (the “Irvington Project Area”); (3) the Amended and Restated Redevelopment Plan for the Centerville Redevelopment Project (the “Centerville Plan”), as recently amended and restated pursuant to Ordinance No. 2296 dated July 7, 1998, pertaining to the Centerville redevelopment project area as described therein (the “Centerville Project Area”); (4) the Amended and Restated Redevelopment Plan for the Fremont Industrial Redevelopment Project (the “Industrial Area Plan”), as recently amended and restated pursuant to Ordinance No. 2297 dated July 7, 1998, pertaining to the Industrial redevelopment project area as described therein (the “Industrial Project Area”). The Niles Plan, the Irvington Plan, the Centerville Plan, and the Industrial Area Plan are sometimes collectively referred to as the “Redevelopment Plans.” The Niles Project Area, the Irvington Project Area, the Centerville Project Area, and the Industrial Project Area are sometimes collectively referred to as the “Project Areas”; and

WHEREAS, to assist in implementing the Redevelopment Plans, the Agency by Resolution of June 10, 2008, has adopted a five-year implementation plan for the fiscal years 2008/09 through 2012/13 (the “Implementation Plan”) pursuant to Section 33490 of the Redevelopment Law; and

Resolutions | Redevelopment Agency Budget

WHEREAS, in furtherance of the Redevelopment Plans and the Implementation Plan, the Agency desires to provide financial assistance for the public improvements generally listed and described in the Work Program, which is attached to this Resolution and incorporated herein by this reference (collectively, the “Public Improvements”); and

WHEREAS, in considering approval of this Resolution, the Agency and the City Council have complied with the requirements of the California Environmental Quality Action (“CEQA”) in the manner found and determined below; and

WHEREAS, the following additional materials (collectively, the “Supporting Documents”) have been presented to and considered by the Agency in support of the findings and approvals set forth in this Resolution: (1) the staff report of June 10, 2008, accompanying this Resolution; and (2) the Redevelopment Plan Amendments EIR and the Redevelopment Plan Amendments EIR Resolutions (both as defined below). The Supporting Documents are hereby incorporated by reference in this Resolution and, together with the above recitals (the “Recitals”), form the evidentiary basis and establish the analytical route for reaching the ultimate findings and conclusions contained in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Agency Board of the Redevelopment Agency of the City of Fremont that the above Recitals are true and correct and have served, together with the Supporting Documents, as the basis for the findings and approvals set forth below.

BE IT FURTHER RESOLVED by the Agency Board of the Redevelopment Agency of the City of Fremont as follows:

The Executive Director is hereby directed to incorporate any amendments to the proposed budget, as made by the Agency Board during the meeting of June 10, 2008 (as described in Attachment 1, attached hereto and incorporated herein by reference) for the fiscal year July 1, 2008 through June 30, 2009, into a document entitled “Redevelopment Agency Adopted Budget and Work Program FY 2008/09.” The adopted budget may be referred to as “the Budget,” and a copy of the Budget shall be filed in the office of the City Clerk. The Budget is hereby adopted and approved; and

The Executive Director is authorized to implement this Resolution, and may delegate authority to implement this resolution to the Finance Director, or other designated Agency representative; and

The Agency Board does hereby adopt City of Fremont budget policies, as identified in the City’s FY 2008/09 Adopted Operating Budget, for use by the Agency, to the extent the policies are relevant and allowable by law; and

The Executive Director is authorized to transfer appropriations as needed from savings available in any object account in the Agency’s budget (other than the accounts of Affordable Housing) to other accounts to meet overall budget requirements. Likewise, the Executive Director is authorized to transfer appropriations as needed from savings available in any other

account in the Agency's Affordable Housing budget to other accounts in the Agency's Affordable Housing budget to meet overall budget requirements; and

The Executive Director is hereby authorized to transfer among Redevelopment funds amounts designated as "Fund Transfers" in the budget, said transfers to be made in increments and at intervals determined by the Executive Director. The Executive Director is hereby authorized to cause Redevelopment funds to be restructured as needed to meet accounting requirements and provide financial reports as efficiently as possible; and

The Executive Director is hereby authorized to display expenditures of the Agency as "Fund Transfers" in financial statements, when needed to provide clarity and consistency for financial reporting; and

In accordance with California Health and Safety Code Section 33606, the Agency Board does hereby find and determine as follows:

- (1) The proposed expenditures and anticipated revenues are shown in Attachment 1;
- (2) The Agency proposes no new additional issuance of bonded indebtedness during FY 2008/09 at this time;
- (3) The Agency proposes to continue existing indebtedness, such as the bonds issued in 2000 and 2003, and the Agency's responsibility to contribute funding toward interchange construction projects;
- (4) The Agency's work program and goals for next year and achievements for the current year are included in Attachment 1; and
- (5) In accordance with Health and Safety Code Section 33334.3(d), the Agency Board does hereby find that the planning and administrative expenses of the Affordable Housing Fund is necessary for the production, improvement, or preservation of low and moderate-income housing. The total salaries, benefits, and operating expenditures of the proposed annual operating budget for the Affordable Housing Fund, including both direct project costs and administrative support costs, are \$1.12 million, which is approximately 9.6% of the \$11.7 million total proposed expenditures for operations, capital projects and programs. The Agency administers an affordable housing program involving approximately 1,500 current units, with plans to assist approximately 500 additional units over the next five years. This low level of planning and administrative expenses in relation to the high number of assisted units supports the conclusion that the expenditures are necessary.

BE IT FURTHER RESOLVED that the Agency hereby finds for the following reasons, and based on the provision of Public Resources Code Section 21090, that the Redevelopment Plan Amendments EIR (as defined below) has served as the environmental documentation pursuant to CEQA for approval of this Resolution. "Redevelopment Plan Amendments EIR" means the Environmental Impact Report for the Fremont Redevelopment Plan Amendments and Merger Program (State Clearinghouse Number 97112014) certified by the City Council and Agency pursuant to Resolutions 9314 and 217, respectively, on June 23, 1998 (together, the

“Redevelopment Plan Amendments EIR Resolutions”). Specifically, the Agency finds that the Redevelopment Plan Amendments EIR was prepared as a “program” EIR, and that the design and development of the Public Improvements is within the scope of the program evaluated in the Redevelopment Plan Amendments EIR. The Agency further specifically finds that there have not been any of the following occurrences since the certification of the Redevelopment Plan Amendments EIR that would require a subsequent or supplemental environmental document in connection with approval of this Resolution:

- (1) There have not been substantial changes in the Public Improvements that are the subject of this Resolution which would require major revisions in the Redevelopment Plan Amendments EIR; and
- (2) There have not been substantial changes with respect to the circumstances under which the Public Improvements are being implemented pursuant to the Resolution which would require major revisions in the Redevelopment Plan Amendments EIR; and
- (3) There has not been the appearance of new information which was not known and could not have been known as of the date of certification and approval of the Redevelopment Plan Amendments EIR which is relevant to the certification and approval of the Redevelopment Plan Amendments EIR as it relates to the Public Improvements.

BE IT FURTHER RESOLVED that the Agency hereby finds and directs that the applicable mitigation measures and monitoring program set forth in the Redevelopment Plan Amendments EIR Resolutions shall be incorporated into and implemented in connection with the design and development of the Public Improvements.

BE IT FURTHER RESOLVED that, based on the foregoing CEQA considerations, the Agency Executive Director is authorized to file the appropriate notice of determination documents pursuant to CEQA in connection with the actions and approvals set forth in the Resolution.

BE IT FURTHER RESOLVED that, as the design specifications of the various Public Improvements are finalized, the City and/or the Agency, as appropriate, shall conduct any further appropriate environmental review in connection with the development of the various Public Improvements to the extent, in the manner, and at the times required under the terms of CEQA and the Redevelopment Plan Amendments EIR.

BE IT FURTHER RESOLVED that, based on the information and analysis contained in the Recitals and the Supporting Documents, and in accordance with Health & Safety Code Section 33445 of California Redevelopment Law, the Agency finds that no additional legal findings under Health & Safety Code Section 33445 to authorize appropriations for the Public Improvements listed in Attachment 2 (the Project Appropriations Plan) are required to be made this year as the following findings have already been made by the Agency Board (through Resolution 299 and previous resolutions of the Agency) with respect to all of the affected projects included in the Project Appropriations Plan:

- (1) The improvements benefit the Redevelopment Project Areas;

- (2) There are no other reasonable means of financing the improvements;
- (3) The improvements will assist in the elimination of blight and are consistent with the Implementation Plan.

BE IT FURTHER RESOLVED, the Agency Board approves the project appropriations as shown for FY 2008/09 in the Redevelopment Agency Proposed Project Appropriations Plan (Attachment 2). Said appropriations are made as of July 1, 2008. The Agency Board authorizes re-appropriation and carry-forward of unspent appropriations for Redevelopment Agency projects and programs to later fiscal years consistent with the purposes of Redevelopment, as determined by the Finance Director. The Agency Board authorizes the Executive Director to determine when unspent appropriations are no longer needed in order to complete specific projects or programs and authorizes the Executive Director to release those unspent funds to unallocated fund balance of the fund from which the appropriations were originally made. The Agency Board does hereby adopt, and the Finance Director is instructed to implement, City of Fremont Capital Improvement Program (CIP) budget policies for use by the Agency to the extent the policies are applicable and allowable by law.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its passage and adoption.


ADOPTED June 10, 2008, by the Redevelopment Agency of the City of Fremont by the following vote, to wit:

AYES: Chairman Wasserman, Vice Chairman Harrison, Agency Members
Cho, Wieckowski, and Natarajan

NOES: None

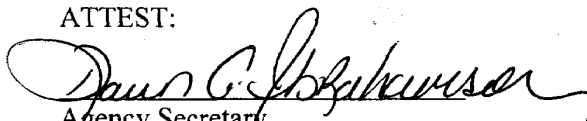
ABSENT: None

ABSTAIN: None



Agency Chair

ATTEST:



Agency Secretary

APPROVED AS TO FORM:



Assistant Agency Counsel

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